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ABSTRACT

A bill amending the Public Health Service Act to revise and extend programs under Title VII (health professions programs) is addressed in this congressional report. The bill reauthorizes for 3 years the following programs: the Health Education Assistance Loan program of insurance for market-rate student loans (the ceiling is raised); the Health Professions Student Loan program of low-interest student loans from revolving funds maintained by health professions schools; scholarships for first-year students of exceptional financial need; capitation assistance to schools of public health; support for family medicine departments; the Area Health Education Centers; support for programs to train physician assistants; programs and traineeships in general internal medicine, general pediatrics, family medicine, general dentistry, and health administration; assistance to institutions in recruiting and providing educational assistance to students from disadvantaged backgrounds; project grant authorities for health professions schools; and support for public health traineeships and preventive medicine residencies. Included are descriptions of new provisions and a section-by-section analysis. (SW)

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99TH CONGRESS
1st Session
HOUSE OF REPRESENTATIVES
REPORT
99-145

HEALTH PROFESSIONS EDUCATIONAL ASSISTANCE AMENDMENTS OF 1985

MAY 23, 1985.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. DINGELL, from the Committee on Energy and Commerce, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany H.R. 2410]

[Including cost estimate of the Congressional Budget Office]

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The Committee on Energy and Commerce, to whom was referred the bill (H.R. 2410) to amend the Public Health Service Act to revise and extend the programs under title VII of that Act, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments (stated in terms of the page and line numbers of the introduced bill) are as follows:

Page 2, strike out lines 7 through 12 and insert in lieu thereof the following:

> (1) by striking out the first sentence and inserting in lieu thereof the following: "The total principal amount of new loans made and installments paid pursuant to lines of credit (as defined in section 737) to borrowers covered by federal loan insurance under this subpart shall not exceed $250,000,000 for fiscal year 1985, $275,000,000 for fiscal year 1986, $290,000,000 for fiscal year 1987, and $305,000,000 for fiscal year 1988. If the total amount of new loans made and installments paid pursuant to lines of credit in any fiscal year is less than the ceiling established for such year by the preceding sentence, the difference between the loans made and installments paid and the ceil-

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ing shall be carried over to the next fiscal year and added to the ceiling applicable to that fiscal year.".

Page 2, line 13, strike out "second" and insert in lieu thereof "last".

Page 9, line 22, insert the word "degree" after "equivalent".

Page 11, insert after line 2 the following:

(c) STUDY.—

(1) The Secretary of Health and Human Services shall conduct or enter into contracts for the conduct of analytic and descriptive studies of the allied health professions, chiropractors, clinical psychologists, veterinarians, optometrists, pharmacists, podiatrists, public health professionals, and health administrators. The studies shall include evaluations and projections of the supply of, and requirements for, each such profession by specialty and geographic location. The Secretary shall include in the report submitted on October 1, 1987 under section 708(d)(1) of the Public Health Service Act the results of the studies conducted under this paragraph.

(2) The authority of the Secretary of Health and Human Services to enter into contracts under paragraph (1) shall be effective for any fiscal year only to the extent or in such amounts as are provided in advance by appropriation Acts.

Page 22, strike out line 21 and all that follows through line 6 on page 24 and insert in lieu thereof the following:

(c) INTEREST RATE.—(1) Section 731(b) (42 U.S.C. 294d(b)) is amended by striking out "3½" and inserting in lieu thereof "3".

Page 26, insert after line 17 the following:

(h) JOINT PAYMENT.—Section 731(a)(2) (42 U.S.C. 294) is amended by striking out "and" at the end of subparagraph (F), by redesignating subparagraph (G) as subparagraph (H), and by inserting after subparagraph (F) the following:

"(G) provides that the loan shall be made payable jointly to the borrower and the eligible institution in which the borrower is enrolled; and".

Page 28, strike out lines 3 through 7, and redesignate paragraph (3) on line 8 as paragraph (2).

Page 30, beginning in line 4, strike out "(as amended by this section)".

Page 39, line 9, insert after "amended by" the following: "redesignating paragraph (3) as paragraph (6) and by".

Page 52, line 20, strike out "(A)" and insert in lieu thereof "(B)".

Beginning on page 55, line 3, redesignate sections 33 through 38 as sections 34 through 39, respectively.

Page 59, line 10, insert after "Act" the following: "and the amendment made by section 2(l)".

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Purpose and Summary

PURPOSE

The authorizations for the health professions programs in Title VII of the Public Health Service Act expired on September 30, 1984. The bill extends these authorities for three years and revises them.

SUMMARY

The bill reauthorizes and makes revisions in the programs of assistance for the training of health professions personnel in Title VII of the Public Health Service Act.

The bill reauthorizes for three years the following programs:

1. The Health Education Assistance Loan (HEAL) program of insurance for market-rate student loans; since loans are made with private funds, no appropriations are needed, but the authorization for federal re-insurance is extended and the ceiling is raised;
2. The Health Professions Student Loan (HPSL) program of low-interest student loans from revolving funds maintained by health professions schools;
3. The program of scholarships for first-year students of exceptional financial need (EFN);
4 Capitation assistance to schools of public health;
5. Support for departments of family medicine;
6. The Area Health Education Centers (AHECs);
7. Support for programs to train Physician Assistants;
8. Programs and traineeship in General Internal Medicine and General Pediatrics;
9. Programs and traineeships in Family Medicine and General Dentistry;
10. Assistance to institutions in recruiting and providing educational assistance to students from disadvantaged backgrounds;
11. Project grant authorities for health professions schools;

12. Support for health professions schools with advanced financial distress;
13. Support for programs and traineeships in health administration;
14. Support for traineeships in public health;
15. Support for residencies in preventive medicine.

The bill also contains the following new provisions:

1. Sets aside one-half of new federal capital contributions to the HPSL loan funds for students from disadvantaged backgrounds;
2. Requires the Secretary to give priority to applicant institutions that demonstrate a commitment to making the programs in Family Medicine, General Internal Medicine and General Pediatrics a permanent part of their graduate medical education programs;
3. Strengthens the loan insurance fund and improves collection procedures under the HEAL program;
4. Authorizes Clinical Psychology programs and Public Health and Chiropractic schools to participate in the HPSL student loan fund program;
5. Modifies the student enrollment formula for determining eligibility of schools of public health for capitation support;
6. Allows funding of special initiatives at established AHECs;
7. Modifies the purposes for which special project grants may be made under Section 788;
8. Expands and further specifies authority for improving health professional training in geriatrics; and
9. Provides for enforcement of provisions for recovery of construction funds when the new owner or use would not have qualified for federal support.

Background and Need for the Legislation

BACKGROUND

Title VII—Health Professions Education

Title VII of the Public Health Service [PHS] Act provides Federal support for health professions education at schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, and pharmacy (referred to as MODVOPP schools), and at schools of public health. Title VII has provided basically two kinds of assistance—institutional support for these health professions schools and student assistance in the form of loans, loan guarantees, and scholarships for students enrolled at the schools.

The Congress first enacted legislation providing direct Federal support for health professions education in 1963. For nearly two decades prior to this enactment, Federal funding for health professions education was a by-product of a direct commitment to biomedical research conducted by the National Institutes of Health.

The Congress enacted the 1963 legislation and expanded its commitment in subsequent years for essentially two purposes: first, to

increase enrollments at the various health professions schools, and second, to assure the financial viability of the schools. The Congress felt that enrollments had to be expanded, first and foremost, because the Nation faced critical shortages of health professionals.

Federal support for health professions education was established and significantly expanded in two ways during the period 1963-73. First, Congress expanded the number of programs and schools eligible for support. During this period, there were established construction grant programs; formula grant programs to encourage schools to undertake certain activities such as primary care training, curriculum development, and programs for disadvantaged students. At first, schools of medicine, osteopathy, and dentistry were the only schools eligible for this assistance. Second, Congress revised and extended title VII programs, expanding eligibility to include all the schools mentioned earlier—"MODVOPP" and Schools of Public Health.

The Health Professions Education authority under title VII was last extended by the Omnibus Budget Reconciliation Act of 1981, P.L. 97-35. At the present time, title VII authorizes assistance in the following areas:

Health Professions Student Assistance.—Exceptional Financial Need Scholarships (Sec. 758(d)); Health Professions Student Loans (Secs. 740-744); Health Education Assistance Loans (Secs. 737-739).

Health Professions Institutional Assistance.—Advanced Financial Distress Institutional Assistance (Sec. 788B).

Public Health/Health Administration.—Public Health Capitation (Sec. 770(e)); Health Administration Grants (Sec. 791); Public Health Traineeships (Sec. 792); Health Administration Traineeships (Sec. 791A); Preventive Medicine Residencies (Sec. 793).

Primary Care.—Family Medicine/General Dentistry Residency and Training (Sec. 786(a)); General Medicine and Pediatrics (Sec. 784); Family Medicine Departments (Sec. 780); Physician Assistants (Sec. 783).

Health Professions Special Educational Initiatives (Sec. 788(b-e)).

Area Health Education Centers (Sec. 781).

Disadvantaged Assistance (Sec. 787).

Health Professions Analytical Studies and Reports (Sec. 301, 332, 708).

In FY 1985, Health Professions Education programs under title VII that are authorized in this bill received appropriations of $141.0 million.

STATEMENT OF NEED

Under current law, the authority for appropriations for these programs expired at the end of FY 84.

The majority of these important programs in Title VII assist disadvantaged, low-income, and other students who can no longer afford the high costs of education to become doctors and other health professionals; create opportunities for physicians to become primary care practitioners instead of entering surgical and other highly technical specialties and sub-specialties; and, address national shortages in public health and preventive medicine.

In the 98th Congress, this Committee reported a bill with similar provisions that passed the House by an overwhelming, bipartisan vote of 363–13. The Congress also adopted the subsequent Conference Report which was pocket-vetoed by the President in October, 1984.

This year the President has proposed to eliminate the educational assistance programs in Title VII. The Administration's rationale for this dramatic proposal is that there is "a steadily increasing supply of health professionals and greatly improved distribution of health care practitioners among medically underserved areas of the country."

This argument draws on the current perception that there is or will soon be an overall surplus of physicians. The Committee concurs with the statement that the supply of health professionals is steadily increasing, but feels that persistent geographic and specialty maldistribution problems warrant reauthorization of Title VII programs. These programs are targeted to financially disadvantaged students, and to primary care, public health and other disciplines.

Even with an increase in the total number of physicians, these national needs would go unmet.

Clear national shortages exist in each of these areas. Termination or reduction of federal support will have numerous disastrous consequences, including:

> Health professional opportunities will be restricted only to the children of wealthy families. Past gains in minority enrollements in the health professions, which already are being reversed, will be lost.
>
> Efforts to meet national needs in primary care and public health will be seriously damaged; faced with rising debts, medical students will prefer more lucrative subspecialties.

The bill is also needed to continue the basic HEAL (Health Education Assistance Loans) loan program. HEAL loans are made with private, not federal funds. Nevertheless, awards are being suspended because there is no authority for the government to continue reinsuring the loans.

The Health Professions Student Loan (HPSL) revolving funds at schools will have to be liquidated and returned to the Treasury if that program is not reauthorized.

Numerous provisions needed to reduce student loan default rates and strengthen collection procedures are also in the bill. These statutory changes were in the vetoed bill and later were among those recommended by the Inspector General for the HEAL program.

Hearings

The Committee's Subcommittee on Health and the Environment held one day of hearings on the programs in Title VII on April 25, 1985. Testimony was received from three witnesses, representing some sixteen organizations. Hearings had also been held in the 98th Congress, on April 24, 1984.

COMMITTEE CONSIDERATION

On May 7, 1985, the Committee's Subcommittee on Health and the Environment met in open session on H.R. 2251, amended the bill and ordered reported a clean bill, H.R. 2410, a quorum being present. On My 15, 1985, the Committee met in open session and ordered reported the bill, H.R. 2410, with amendments, by a recorded vote of 17-6, a quorum being present.

COMMITTEE VIEWS ON THE PROPOSED LEGISLATION

AUTHORIZATION FOR APPROPRIATIONS

The Committee strongly endorsed reauthorizing the programs in Title VII, but felt that federal budget deficits warranted freezing total funding at the level of the FY 1985 appropriation for one year. To provide for continuing services at that level, funding in the two subsequent years will rise by 5 percent, an inflationary adjustment based on estimates by the Congressional Budget Office. These authorizations are some $40 million below the levels for comparable years that were in the Conference Agreement that was pocket-vetoed late in 1984.

The Committee expressed its continuing commitment to adequate funding for Title VII by defeating amendments to eliminate Title VII programs and to reduce spending by 10 percent annually.

HEAL LOAN PROGRAM

Under the HEAL program, students borrow private, not federal, funds from commercial lenders at market rates. The Secretary maintains a student loan insurance fund with premiums charged to lenders, who pass on the premium costs to the student borrowers. The federal government re-insures the loan insurance pool and would be liable if the pool were bankrupted by excessive defaults.

When the reauthorization of Title VII was pocket-vetoed, the authority for issuing federal guarantees for loans expired. The program was continued into FY 1985 with unused obligational authority from previous fiscal years. The Committee has received reports that this balance will soon be exhausted and no further loans to new borrowers could be made.

Because this program involves very limited federal expenditures (only administrative costs unless the insurance fund were to have insufficient funds) and is a critical source of last-resort fund for many health professions students, authority for loans for FY 1985 and authority to carryover unobligated balances from previous years were added by a Committee amendment. The ceiling for subsequent years was raised by $25 million for FY 1986, and by $15 million for each of the remaining two years.

The Inspector General of the Department of Health and Human Services completed an extensive report on the HEAL program on March 22, 1985. The report identified serious interrelated deficiencies in program operations, insufficient insurance premiums, unnecessary borrowing by students and inefficient collection efforts. A number of the Inspector General's recommendations to improve collections and stabilize the insurance pool have been included in

the committee-passed bill, including increased insurance premiums, requiring an actuarial basis for the insurance pool, narrowing the payback period, and allowing negative amortization. In addition, a Committee amendment requiring that loan disbursements be issued jointly to the student and eligible institution passed unanimously.

The majority of the Inspector General's recommendation can be accomplished through regulations, and the Committee encourages the Secretary to implement those recommendations that are consistent with the overall purposes of the HEAL program. Specifically, the Committee supports the following recommendations which should be incorporated in regulations as soon as possible:

1. Require financial aid officers to verify information provided on the HEAL application with any prior loan application, and report any discrepancies found in that examination to the lender.
2. Allow borrowers to apply for a loan covering costs for no more than six months at one time.
3. Formalize specific requirements for entrance and exit interviews, including debt counseling for student borrowers.
4. Require lenders to inform borrowers of their loan balance and projected payment for that balance at least semiannually.
5. Require lenders to contact borrowers promptly to convert loans to repayment status.
6. Require lenders to determine that an applicant has no prior default on any loan.
7. Require lenders to use collection practices which are at least as extensive and effective as those used in other collections done by the lender. The Committee believes that these requirements should include at least the use of a collection agency (which may be internal) and the referral of delinquent accounts to a national credit agency.

The Committee is aware of the cost to borrowers who participate in this unsubsidized loan program. At the same time, the Committee recognizes the importance of access to adequate capital for health professions students, from various backgrounds, who must finance the high cost of obtaining their professional training. In order to maximize the availability of this essential program while minimizing student indebtedness, the Committee intends that HEAL be used only to meet necessary educational expenses. In considering the amount for which a student is eligible, the institution shall review at least the financial assistance available to the student and the income available to the student and to the student's spouse.

The vetoed bill also contained a provision, added by Mr. Stokes on the House Floor, that would have changed the way in which interest accrues on HEAL loans prior to the payback period, from semi-annual compound to simple interest. Some banks, however, claimed that this provision would threaten their continued participation in the HEAL program because of the cost of holding assets drawing simple interest that cannot be collected annually. A Com-

mittee amendment to the bill modifies the Stokes Amendment by returning to semi-annual compounding but lowering the interest rate from T-bill + 3½ percent to T-bill + 3 percent. This modification was found acceptable because the monthly payments would be virtually the same as they would have been under the simple-interest formula, thus accomplishing Mr. Stokes' intent of reducing student indebtedness. This version of the Stokes amendment was preferred by the banks that had raised concerns about simple interest and is intended to assure their continued participation.

The bill also incorporates the conference provision increasing the insurance premium payable by borrowers to cover the cost of loan defaults and requiring a qualified public accounting firm to evaluate whether additional funds are needed to keep the fund solvent. Insurance premiums must be collected at the time the loan is made, not over the life of the loan, so that persons who ultimately default will share equally in the costs of insurance. The Committee expects the Department of Health and Human Services to coordinate better with lenders and schools the ongoing administration of the HEAL program with respect to the collection of delinquent and defaulted loans.

Another provision allows insurance funds to be used for collection costs. It is intended that this refers only to those costs incurred by the federal government, not the costs incurred by lenders. Lenders are expected to make every effort to collect loans prior to requesting reimbursement from the insurance fund. The costs of such collection activities are to be borne out of the interest rates provided.

To stimulate repayment during low-earning years, the prohibtion against negative amortization is modified. The bill now gives to students (not to lenders) the option to elect a repayment schedule incorporating annual payments that are less than the interest accuring during that year.

HEALTH PROFESSIONS STUDENT LOANS

Under the HPSL program, health professions schools maintain revolving funds from which they make loans at 9 percent interest to their students. Medical and osteopathic students must meet a definition of exceptional financial need to qualify for these loans. Because no funds were appropriated in FY 84 or FY 85 for new federal capital contributions to the revolving funds, loans have been restricted to monies available at schools with existing funds. The Committee heard testimony that the limited HPSL funds, together with serious reductions in the availability of National Health Service Corps scholarships, has led to increasing reliance on the high-cost HEAL loans, dramatically raising student indebtedness. Higher student debt levels create incentives for students to seek careers in the higher-paying sub-specialties rather than primary care specialties and threaten to exclude students from disadvantaged backgrounds. The Committee intends to address this situation in part by authorizing new federal capital contributions to the loans and setting aside one-half of the new monies for students from disadvantaged backgrounds. A disadvantaged background is one as defined by regulations pursuant to Section 787 of the PHSA, the pro-

gram to provide educational assistance to individuals from disadvantaged backgrounds.

The bill also provides that any excess cash or other funds returned to the Secretary from a school loan fund in any fiscal year are required to be available in that and succeeding fiscal years for payment to other school loan funds. To assist schools that have relatively small revolving funds, many of which also have a high proportion of students from disadvantaged backgrounds, distribution of this money is limited to schools establishing loan funds in recent years.

The bill includes the Conference provisions intended to improve loan collections. Schools may refer defaulted loans to the Secretary for assistance in collection. Penalty charges are provided for when installments are past due, and detailed information is to be made available to students on their loan obligations. Health professionals who have received low-interest loans at public expense for their education must be held to their responsibility to repay their loans, and, in so doing, to replenish the revolving loan funds.

Many schools have commented that the June 3, 1983, regulations regarding loan collection performance standards have placed an impossible burden on them by redefining previously ambiguous regulations in ways that cannot now be met. Further, they argue that they should not be excluded from the loan program for previous administrative inadequacies that were not monitored adequately by the Department in the past and for which no corrective action was ever recommended by the Department.

The Committee believes that schools should be required to do everything currently possible to collect old loans and come into compliance on a reasonable timetable. In addition, when determining compliance, the Department should consider administrative problems beyond the control of current officials responsible for loan collection. Termination of a loan agreement with a school benefits virtually no one and may preclude needy students from attending a particular school. Therefore, termination should be reserved for recalcitrant institutions that do not make good-faith efforts to redress previous administrative shortcomings. In particular, the Department should not take measures that would penalize future students unfairly by terminating loan agreements before schools have adequate opportunity to bring their collection procedures into conformance with current regulations. Thus, the bill includes the Conference provision requiring written notice and a formal hearing before an administrative law judge when agreements are to be terminated. The Committee intends to monitor the performance of the Department in improving loan collections and will consider the need for additional legislation in the future if insufficient progress is made or unfair procedures are applied.

Under current law, when a loan is canceled, the Secretary is required to pay the schools its proportionate share of the loan. The bill deletes this requirement but allows schools to assess charges to cover the costs of insuring against cancellation caused by the death or permanent and total disability of the borrower. It is intended that regulations implementing this charge will provide for a uniform insurance program based on expected national rates of cancel-

lation, rather than permit individual schools to determine the charges.

CAPITATION SUPPORT FOR SCHOOLS OF PUBLIC HEALTH

Capitation support is intended to create incentives to address personnel shortages in the various health professions. The capitation provisions for all professions other than schools of public health have had no appropriations authorized in recent years because personnel needs appear to have been met or even exceeded in those fields. Those provisions are repealed by the bill.

Because public health can still demonstrate some shortages, the Committee included reauthorization of appropriations for capitation for schools of public health.

The schools reported to the Committee that many students now must attend graduate school part-time and that this makes it difficult for some schools of public health to meet the capitation requirements in current law. But since capitation is meant to stimulate enrollment, it would not be appropriate to continue reauthorizing appropriations while deleting or seriously weakening that requirement. To address the situation of schools with increasing numbers of part-time students, the bill changes the method of calculating a school's eligibility. The capitation requirement is expressed in terms of "full-time equivalent" students as of 1983, and calculates enrollments using the formula already applied under Section 770(a)(2)(A) of the Act. This eliminates the burdensome aspects of the current requirement while continuing the encouragement to keep up enrollments that is embodied in the capitation approach.

A waiver from these requirements exists in the current law. The Committee believes that quality of education is essential, and that when enrollment requirements clearly would compromise training of a limited numer of public health specialists to meet documented needs, the waiver provision should be utilized. However, the waiver should not be applied in a way that undermines the enrollment requirement.

SUPPORT FOR PRIMARY CARE PROGRAMS IN FAMILY MEDICINE, GENERAL INTERNAL MEDICINE AND GENERAL PEDIATRICS

The Committee heard testimony that continuing support for these programs is necessary because of the difficulty in financing primary care training programs out of patient care revenues, research monies and institutional support as other departments and programs can do. Because these programs serve important national health care needs and cost-containment objectives by directing medical students into primary care specialties instead of surgical, highly technical, and sub-specialties, the Committee supported their authorization while revisions of the methods of paying for primary care services and education are developed over the coming years. But the Committee also was concerned that schools demonstrate a real commitment to primary care training and, accordingly, instructed the Secretary to give priority to applicant institutions that demonstrate such commitment. The Committee recognized that expressions of commitment might vary among programs

and chose to leave the definition of commitment flexible, to be interpreted by the Secretary taking into account the characteristics of the applicant institution and its other training programs.

The Committee recognizes that development of adequate numbers of educators in general internal medicine and general pediatrics is an important adjunct to efforts to foster primary care medicine through the funding of residency training programs. The training of such faculty further enhances the necessary integration of general internal medicine and general pediatrics into traditional medical education training programs. Accordingly, the Committee strongly supports the use of a portion of the funds under section 784 for model faculty development programs and encourages the Secretary of Health and Human Services to continue recent departmental efforts to support such faculty development.

SUPPORT FOR PROGRAMS IN GENERAL DENTISTRY

The Committee was impressed with testimony and other information it received concerning the need to expand the number and types of programs to train general dentists. Accordingly, the Committee expanded the program to include advanced educational programs, in addition to residencies, and set aside for general dentistry 7½ percent of funds appropriated for programs in family medicine and general dentistry.

TWO-YEAR SCHOOLS OF MEDICINE, INTERDISCIPLINARY TRAINING, AND CURRICULUM DEVELOPMENT

The Committee determined that it was no longer appropriate to encourage additional conversion of two-year schools of medicine to four-year schools, but recognized that some existing two-year schools require assistance in maintaining and improving their programs. This is equally the case for schools that provide the first two years of training as for those that provide the last two years, and the restriction of grants to only the former group was eliminated. Because of the importance of certain improvements such as medical libraries for schools without libraries, the Committee made it clear that grants under this section may be used for construction and the purchase of equipment, as well as for other projects, in schools already in existence.

The Committee also determined that the list of twenty-four areas for special projects in existing law provided insufficient direction to the Secretary. Accordingly, the list was reduced to five high-priority topics. One particular area that needs greater emphasis is training of health professionals in geriatrics and the problems of the elderly, as documented by recent studies. The Committee highlighted this need by specifying it in greater detail and providing separate authorizations for appropriations for such training and curriculum development.

The bill also incorporates a provison requiring that at least 75 percent of amounts appropriated for special projects shall go to peer-reviewed applications from health professions schools and not more than 25 percent to other applicants. Two-year schools that are eligible for grants for their maintenance or improvement

should be considered health professions schools for the other projects in this provision.

REPEALS

The bill includes provisions adopted in the Conference agreement repealing numerous sections considered obsolete or redundant. None of the repealed authorities relate to currently funded activities in health professions training.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 2(l)(3)(A) of Rule XI of the Rules of the House of Representatives, no oversight findings or recommendations have been made by the Committee.

COMMITTEE ON GOVERNMENT OPERATIONS

Pursuant to clause 2(l)(3)(D) of Rule XI of the Rules of the House of Representatives, no oversight findings have been submitted to the Committee by the Committee on Government Operations.

COMMITTEE COST ESTIMATE

	1986	1987	1988
Advanced Financial Distress	4.2	3.8	0
Family Med/Gen Dental Residencies	37.1	38.8	43.0
Genl Intl Med/Genl Peds	19.8	20.6	24.0
Family Med Departments	7.5	7.9	8.3
Physician Assistants	4.8	5.0	5.25
Area Health Education Centers	18.0	18.9	19.8
Disadvantaged Student Assistance	24.0	25.2	26.5
Special Initiatives (Sec. 788)	5.0	6.2	6.3
Preventive Med Residencies	1.6	1.68	1.76
Public Health Capitation	5.0	5.25	5.5
Public Health Traineeships	3.0	3.15	3.3
Health Administration Grants	1.5	1.575	1.65
Health Administration Traineeships	.5	.525	.551
Health Professions Student Loans	2.0	2.1	2.2
Exceptional Finan Need Scholarships	7.0	7.35	7.7
Total	141.0	148.03	155.811

HEAL (Obligational authority, not authority for appropriations):

1985	250.0
1986	275.0
1987	290.0
1988	305.0

CONGRESSIONAL BUDGET OFFICE ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 20, 1985.

Hon. JOHN D. DINGELL,
Chairman, Committee on Energy and Commerce, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for H.R. 2410, the Health Profes-

sions Educational Assistance Amendments of 1985, as ordered reported by the House Committee on Energy and Commerce on May 15, 1985.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,

Sincerely,

RUDOLPH G. PENNER.

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

1. Bill number: H.R. 2410.

2. Bill title: The Health Professions Educational Assistance Amendments of 1985.

3. Bill status: As ordered reported by the House Committee on Energy and Commerce, May 15, 1985.

4. Bill purpose: H.R. 2410 would extend the programs of assistance for the training of health personnel.

5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1986	1987	1988	1989	1990
Authorization levels:					
Health education assistance loans					
Health professions student loans	2.0	2.1	2.2		
Exceptional need schlarships	7.0	7.4	7.7		
Family medicine	7.5	7.9	8.3		
Area health education centers	18.0	18.9	19.8		
Capitation grants	5.0	5.3	5.5		
Physician assistants	4.8	5.0	5.3		
Internal medicine and pediatrics	19.8	20.6	24.0		
Family medicine and dentistry	37.1	38.8	43.0		
Disadvantaged assistance	24.0	25.2	26.5		
Support for 2-year schools of medicine and curriculum development	3.0	3.2	3.3		
Geriatrics training	2.0	3.0	3.0		
Financial distress	4.2	3.8			
Graduate programs in health administration	1.5	1.6	1.7		
Traineeships for students in other graduate programs	0.5	0.5	0.6		
Public health traineeships	3.0	3.2	3.3		
Training in preventive medicine	1.6	1.7	1.8		
Total authorization levels	141.0	148.2	156.0		
Estimated outlays:					
Health education assistance loans	−28.9	−29.7	−27.1	10.8	14.5
Health professions student loans	2.0	2.1	2.2		
Exceptional need scholarships	1.8	5.5	7.1	5.6	1.7
Family medicine	2.0	5.9	7.6	6.0	1.9
Area health education centers	4.8	14.1	18.2	14.3	4.5
Capitation grants	1.3	3.9	5.0	4.0	1.2
Physician assistants	1.3	3.8	4.8	3.8	1.2
Internal medicine and pediatrics	5.2	15.5	20.5	16.9	5.3
Family medicine and dentistry	9.8	29.1	38.0	30.6	9.6
Disadvantaged assistance	6.3	18.8	24.3	19.2	6.0
Support for 2-year schools of medicine and curriculum development	0.8	2.4	3.1	2.4	0.7
Geriatrics training	0.5	1.8	2.7	2.2	0.7
Financial distress	1.1	3.1	2.7	0.9	0.2
Graduate programs in health administration	0.4	1.2	1.5	1.2	0.4
Traineeships for students in other graduate programs	0.1	0.4	0.5	0.4	0.1

[By fiscal year, in millions of dollars]

	1986	1987	1988	1989	1990
Public health traineeships	0.8	2.4	3.0	2.4	0.7
Training in preventive medicine	0.4	1.3	1.6	1.3	0.4
Total estimated outlays	9.7	81.6	115.7	122.0	49.1

The costs of this bill would fall within budget function 550.

Basis of estimate: All authorization levels are stated in the bill. CBO assumes that all stated authorized amounts are fully appropriated at the beginning of each fiscal year. Outlays are estimated using spendout rates computed by CBO on the basis of recent program data.

The bill authorizes the federal government to continue to guarantee loans made by private lenders through fiscal year 1988 under the Health Education Assistance Loan (HEAL) program. This authorization affects the unified budget by allowing the federal government to continue to collect insurance premiums on new loans. These premiums are placed in the Student Loan Insurance Fund and are used to pay anticipated loan default costs.

CBO assumes that the HEAL program will obligate all of the $275 million, $290 million and $300 million worth of guaranteed loan dollars available to them in fiscal years 1986 through 1988, respectively. This bill would increase the insurance premium currently paid by new borrowers to four percent. Premium receipts to the Student Loan Insurance Fund in 1986 through 1988 would total about $92 million. Using the current program default rate, we assume outlays from the Fund of about $31 million by 1990. Defaults on loans made in 1987 and 1988 would result in additional outlays from the Fund beyond our projection period.

6. Estimated cost to State and local governments: In order to receive federal grants to support graduate programs in health administration, schools must spend or obligate at least $100,000 in each fiscal year of non-federal funds. Some of these funds could be provided by state and local governments.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Carmela Pena.

10. Estimate approved by: C.G. Nuckols (for James L. Blum, Assistant Director for Budget Analysis).

Inflation Impact Statement

Pursuant to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee makes the following statement with regard to the inflation impact of the reported bill:

The Committee is unaware of any inflationary impact that H.R. 2410, if enacted, would have on the economy. The legislation extends the authorities of Title VII for three years. In the first year, the total authorization for appropriations is frozen at current levels. In subsequent years, appropriations are authorized to rise only by 5 percent annually, a figure slightly below the current services estimate of the Congressional Budget Office.

The funds authorized under the proposed legislation for FY 1986 represent only an insignificant share of the Federal budget and would provide the necessary financial support to train certain specified health professionals. The emphasis is on primary care physicians, public health and other fields that focus on cost-efficient care, disease prevention and health promotion. The cost-benefit ratios of such professionals are clearly anti-inflationary, especially when the alternatives of subsequent, more costly therapy and institutional care are considered.

SECTION-BY-SECTION ANALYSIS

TITLE VII OF THE PUBLIC HEALTH SERVICE ACT (PHSA)

Section 1 is the short title and references.

Section 2 of the bill amends Section 728 of the PHSA to reauthorize the HEAL program of insurance for student loans for three years and raises the annual ceiling on federal obligation by $25 million for 1986, and by $15 million for 1987 and 1988, to $275,000,000, $290,000,000 and $305,000,000, respectively.

Section 3 of the bill amends Sections 740–743 of the PHSA to reauthorize for three years the HPSL program of low-interest student loans from funds maintained by the health professions schools and to authorize new federal capital contributions to the loan funds.

Section 4 of the bill amends Section 758 of the PHSA to reauthorize three years the program of first-year scholarships for students with exceptional financial need.

Section 5 of the bill amends Section 780 of the PHSA to reauthorize for three years support for departments of family medicine.

Section 6 of the bill amends Section 781 of the PHSA to reauthorize for three years the Area Health Education Centers.

Section 7 of the bill amends Section 783 of the PHSA to reauthorize for three years support for programs to train physician assistants.

Section 8 of the bill amends Section 784 of the PHSA to reauthorize for three years support for programs and traineeships in general internal medicine and general pediatrics.

Section 9 of the bill amends Section 786 of the PHSA to reauthorize for three years support for programs and traineeships in family medicine and general dentistry.

Section 10 of the bill amends Section 787 of the PHSA to reauthorize for three years the program to aid institutions in recruiting and providing educational assistance to students from disadvantaged backgrounds.

Section 11 of the bill amends Section 788 of the PHSA to reauthorize for three years certain project grant authorities and to provide separate authorization for grants and contracts to improve the training of health professions in geriatrics.

Section 12 of the bill amends Section 788B of the PHSA to reauthorize two years appropriations for the program of support for health professions schools with advanced financial distress.

Section 13 of the bill amends Section 791 of the PHSA to reauthorize for three years support for programs of graduate training

in health administration at schools that are not schools of public health.

Section 14 of the bill amends Section 791A of the PHSA to reauthorize for three years support for traineeships in health administration, hospital administration, or health policy analysis or planning.

Section 15 of the bill amends Section 792 of the PHSA to reauthorize for three years support for traineeships in schools of public health.

Section 16 of the bill amends Section 793 of the PHSA to reauthorize for three years support for residences in preventive medicine.

Section 17 amends Section 701 (4) and (5) of the PHSA to add Chiropractic schools to the general definitions of schools and accreditation.

Section 18 amends Section 701(8) of the PHSA to redefine "programs for the training of physician assistants" to emphasize training in primary care, disease prevention, and home health care.

Section 19 amends Section 701(10) of the PHSA to expand the definition of allied health personnel to include doctoral degrees and post baccalaureate training and to clarify that allied health professionals "share in the responsibility" for the delivery of health care.

Section 20 amends several sections of the PHSA to restate the definition of graduate programs in clinical psychology.

Section 21 amends Section 702 of the PHSA to require that at least one representative of the Schools of Public Health and of Allied Health Schools be included on the National Advisory Council on Health Professions Education.

Section 22 amends Section 709 of the PHSA to authorize the Secretary to use funds under Title VII to provide technical assistance.

Section 23 amends Section 723 of the PHSA to implement provisions requiring recovery of construction funds when a new use or owner is one that would not have qualified for a federal award.

Section 24 amends sections of the PHSA dealing with the Health Education Assistance Loan (HEAL) program to require Selective Service registration of male applicants, modify the repayment period, allow for a period out of school for certain other approved educational activities, modify the interest provisions prior to repayment, authorize increased insurance premiums, and add allied health to eligible schools.

Section 25 amends sections of the PHSA dealing with the Health Professions Student Loan (HPSL) program to make public health, clinical psychology, doctoral pharmacy and chiropractic students eligible; to set aside one-half of new federal capital contributions for students from disadvantaged backgrounds; to require Selective Service registration of male applicants; to permit periods out of school for other educational activities; to permit the Secretary to assist in collection of loans in default; to recycle excess funds; to require extensive disclosure of indebtedness to student borrowers; and to establish a procedure for termination of schools from the program.

Section 26 amends Section 758 of the PHSA to limit Exceptional Financial Need Scholarship awards to the costs of attendance.

Section 27 amends Sections 770 and 771 of the PHSA to modify the formula for making capitation payments to schools of public health.

Section 28 amends Section 780 of the PHSA to require that the Secretary give priority to applicants that demonstrate a commitment to Family Medicine in making awards under that section.

Section 29 amends Section 781 of the PHSA to permit funding of special initiatives at AHECs whose medical schools have previously received or still receive federal funds for the basic AHEC program.

Section 30 amends Section 784 of the PHSA to require that the Secretary give priority to applicants that demonstrate a commitment to general internal medicine and general pediatrics in making awards under that section.

Section 31 amends Section 786 of the PHSA to require that the Secretary give priority to applicants that demonstrate a commitment to family medicine in making such awards under that section, and to set aside 7½ percent of funds under this section for programs in general dentistry.

Section 32 amends Section 787 of the PHSA to authorize graduate programs in clinical psychology and schools of chiropractic to apply for grants and contrats to recruit and provide educational assistance to students from disadvantaged backgrounds and authorizes for schools of chiropractic not more than four percent of funds appropriated under that section.

Section 33 amends Section 788 of the PHSA to permit awards to maintain or improve schools that offer either the first or last two years of medical school; to specify five priority areas for special project funding; to require that 75 percent of such awards go to health professional schools for projects that have undergone appropriate peer review; and, to set aside funds for health professional training in geriatrics.

Section 34 amends Section 788B of the PHSA to extend the program of advanced financial distress by one year.

Section 35 amends Section 791 of the PHSA to reduce to 20 the minimum number of students required if a graduate program in health administration has more than 45 percent minority students.

Section 36 repeals various inactive provisions.

Section 37 amends Section 708 of the PHSA to require that the biennial report required on October 1, 1987, include an analysis of financial disincentives to career choices in health professions.

Section 38 requires a study on compliance by health professions schools with the Selective Service Act.

Section 39 requires a study of the delivery of health care services to homeless individuals.

Section 40 makes the Act effective October 1, 1985, with limited exceptions for provisions that are to take effect on enactment.

Agency Views

The Committee has not received a statement from the Department of Health and Human Services on this legislation.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

PUBLIC HEALTH SERVICE ACT

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TITLE III—GENERAL POWERS AND DUTIES OF PUBLIC HEALTH SERVICE

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PART D—PRIMARY HEALTH CARE

* * * * * * *

Subpart II—National Health Service Corps Program

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NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM

SEC. 338A. (a) * * *

* * * * * * *

(g)(1) A scholarship provided to a student for a school year under a written contract under the Scholarship Program [or under section 758 (relating to scholarships for first-year students of exceptional financial need),] shall consist of—

(A) payment to, or (in accordance with paragraph (2)) on behalf of, the student of the amount (except as provided in section 711) of—

(i) the tuition of the student in such school year; and

(ii) all other reasonable educational expenses, including fees, books, and laboratory expenses, incurred by the student in such school year; and

(B) payment to the student of a stipend of $400 per month (adjusted in accordance with paragraph (3)) for each of the 12 consecutive months beginning with the first month of such school year.

* * * * * * *

TITLE VII—HEALTH RESEARCH AND TEACHING FACILITIES AND TRAINING OF PROFESSIONAL HEALTH PERSONNEL

PART A—GENERAL PROVISIONS

DEFINITIONS

SEC. 701. For purposes of this title:

(1) * * *

* * * * * * *

(4) The terms "school of medicine", "school of dentistry", "school of osteopathy", "school of pharmacy", "school of optometry", "school of podiatry", "school of veterinary medicine", [and] "school of public health", *and "school of chiropractic"* mean an accredited public or nonprofit private school in a State that provides training leading, respectively, to a degree of doctor of medicine, a degree of doctor of dentistry or an equivalent degree, a degree of doctor of osteopathy, a degree of bachelor of science in pharmacy or an equivalent degree, a degree of doctor of optometry or an equivalent degree, a degree of doctor of podiatry or an equivalent degree, a degree of doctor of veterinary medicine or an equivalent degree, [and] a graduate degree in public health or an equivalent degree, *and a degree of doctor of chiropractic or an equivalent degree,* and including advanced training related to such training provided by any such school. The term "graduate program in health administration" means an accredited graduate program in a public or nonprofit private institution in a State that provides training leading to a graduate degree in health administration or an equivalent degree.

(5) The term "accredited", when applied to a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, pharmacy, [or] public health, *or chiropractic,* [or] a graduate program in health administration, *or a graduate program in clinical psychology,* means a school or program that is accredited by a recognized body or bodies approved for such purpose by the Secretary of Education, except that a new school or program that, by reason of an insufficient period of operation, is not, at the time of application for a grant or contract under this title, eligible for accreditation by such a recognized body of bodies, shall be deemed accredited for purposes of this title, if the Secretary of Education finds, after consultation with the appropriate accreditation body or bodies, that there is reasonable assurance that the school or program will meet the accreditation standards of such body or bodies prior to the beginning of the academic year following the normal graduation date of the first entering class in such school or program.

* * * * * * *

[(8)(A) The term "program for the training of physician assistants" means an educational program which (i) has as its objective the education of individuals who will, upon completion of their studies in the program, be qualified to effectively provide health care under the supervision of a physician and (ii) meets regulations prescribed by the Secretary in accordance with subparagraph (B).

[(B) After consultation with appropriate professional organizations, the Secretary shall (within 180 days after the date of enactment of this paragraph) prescribe regulations for programs for the training of physician assistants. Such regulations shall, as a minimum, require that such a program—

[(i) extend for at least one academic year and consist of (I) supervised clinical practice, and (II) at least four

months (in the aggregate) of classroom instruction, directed toward preparing students to deliver health care; and

[(ii) have an enrollment of not less than eight students.]

(8)(A) The term "program for the training of physician assistants" means an educational program which (i) has as its objective the education of individuals who will, upon completion of their studies in the program, be qualified to provide primary health care under the supervision of a physician, and (ii) meets regulations prescribed by the Secretary in accordance with subparagraph (B).

(B) After consultation with appropriate organizations, the Secretary shall, not later than May 1, 1986, prescribe regulations for programs for the training of physician assistants. Such regulations shall, as a minimum, require that such a program—

(i) extend for at least one academic year and consist of—

(I) supervised clinical practice, and

(II) at least four months (in the aggregate) of classroom instruction,

directed toward preparing students to deliver health care;

(ii) have an enrollment of not less than eight students; and

(iii) train students in primary care, disease prevention, health promotion, geriatric medicine, and home health care.

* * * * * * *

(10) The term "school of allied health" means a public or nonprofit private *college*, junior college, or university—

(A) which provides, or can provide, programs of education [in a discipline of allied health leading to a baccalaureate or associate degree (or an equivalent degree of either) or to a more advanced degree] *to enable individuals to become allied health professionals or to provide additional training for allied health professionals*;

(B) which provides training for not less than a total of twenty persons in the allied health curricula;

(C) which includes or is affiliated with a teaching hospital; and

(D) which is accredited by a recognized body or bodies approved for such purposes by the Secretary of Education, or which provides to the Secretary satisfactory assurance by such accrediting body or bodies that reasonable progress is being made toward accreditation.

* * * * * * *

(13) The term "allied health professional" means an individual—

(A) who has received a certificate, an associate's degree, a bachelor's degree, a masters' degree, a doctoral degree, or postbaccalaureate training, in a science relating to health care;

(B) who shares in the responsibility for the delivery of health care services or related services, including—

(i) services relating to the identification, evaluation, and prevention of diseases and disorders;

(ii) dietary and nutrition services;

(iii) health promotion services;

(iv) rehabilitation services; or

(v) health systems management services; and

(C) who does not hold a degree in medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, pharmacy, public health, chiropractic, health administration, or clinical psychology.

(14) The term "graduate program in clinical psychology" means an accredited graduate program in a public or nonprofit private institution in a State which provides training leading to a doctoral degree in clinical psychology or an equivalent degree.

NATIONAL ADVISORY COUNCIL ON HEALTH PROFESSIONS EDUCATION

SEC. 702. (a) There is established in the Public Health Service a National Advisory Council on Health Professions Education (hereafter in this section referred to as the "Council"), consisting of the Secretary (or his delegate), who shall be Chairman of the Council, and twenty members appointed by the Secretary (without regard to the provisions of title 5 of the United States Code relating to appointments in the competitive serivce) from persons who because of their education, experience, or training are particularly qualified to advise the Secretary with respect to the programs of assistance authorized by parts B, C, D, E, F, and G of this title. [Of the appointed members of the Council (1) twelve shall be representatives of the health professions schools assisted under program authorized by this title, including at least six persons experienced in university administration and at least four representatives of schools of veterinary medicine, optometry, pharmancy, podiatry, and public health, and entities which may receive a grant under section 791, (2) two shall be full-time students enrolled in health professions schools, and (3) six shall be members of the general public.] *Of the appointed members of the Council—*

(1) twelve shall be representatives of the health professions schools assisted under programs authorized under this title, including—

(A) one representative of each of schools of veterinary medicine, optometry, pharmancy, podiatry, public health, and allied health, and graduate programs in health administration; and

(B) at least six persons experienced in university administration, at least one of whom shall be a representative of a school described in subparagraph (A);

(2) two shall be full-time students enrolled in health professions schools; and

(3) six shall be members of the general public.

* * * * * * *

[ADVANCE FUNDING

[SEC. 703. An appropriation under an authorization of appropriations for grants or contracts under this title for any fiscal year may be made at any time before that fiscal year and may be included in an Act making an appropriation under such authorization for another fiscal year; but no funds may be made available from any appropriation under such authorization for obligation for such grants or contracts before the fiscal year for which such appropriation is authorized.]

* * * * * * *

APPLICATIONS, PAYMENTS, AND ASSURANCES UNDER GRANTS

SEC. 709. (a) * * *

* * * * * * *

[(d) The Secretary may provide technical assistance for the purpose of carrying out any program or purpose under this title.]

(d) Funds appropriated under this title may be used by the Secretary to provide technical assistance in relation to any of the authorities under this title.

* * * * * * *

PART B—GRANTS AND LOAN GUARANTEES AND INTEREST SUBSIDIES FOR CONSTRUCTION OF TEACHING FACILITIES FOR MEDICAL, DENTAL, AND OTHER HEALTH PERSONNEL

* * * * * * *

[RECAPTURE OF PAYMENTS

[SEC. 723. (a) If, within twenty years (or in the case of interim facilities, within such shorter period as the Secretary shall by regulation prescribe) after completion of any construction for which funds have been under a grant under paragraph (1) or (3) of section 720(a)—

[(1) the applicant or other owner of the facility shall cease to be a public or nonprofit school or, in case the facility was an affiliated hospital or outpatient facility, the applicant or other owner of the facility ceases to be a public or other nonprofit agency qualified to file an application under section 605, or

[(2) the facility shall cease to be used for the teaching purposes (and the other purposes permitted under section 722) for which it was constructed, unless the Secretary determines, in accordance with regulations, that there is good cause for releasing the applicant or other owner from the obligation to do so, or

[(3) the facility is used for sectarian instruction or as a place for religious worship,

the United States shall be entitled to recover from the applicant or other owner of the facility the amount bearing the same ratio to the then value (as determined by agreement of the parties or by action brought in the United States district court for the district in which such facility is situated) of the facility, as the amount of the

Federal participation bore to the cost of construction of such facility.

[(b) If, within 20 years after completion of any construction for which funds have been paid under a grant under section 720(a)(2)—

[(1) the applicant or other owner of the facility shall cease to be a public or nonprofit entity;

[(2) the facility shall cease to be used for the training purposes for which such funds were provided, unless the Secretary determines, in accordance with regulations which he shall promulgate, that there is a significant public purpose and good cause for releasing the applicant or other owner from the obligation to do so; or

[(3) the facility is used for sectarian instruction or as a place for religious worship,

the United States shall be entitled to recover from the applicant or other owner of the facility the amount bearing the same ratio to the then value (as determined by agreement of the parties or by action brought in the United States district court for the district in which such facility is situated) of the facility, as the amount of the Federal participation bore to the cost of construction of such facility.]

RECOVERY

SEC. 723. (a) If at any time within 20 years (or within such shorter period as the Secretary may prescribe by regulations for an interim facility) after the completion of construction of a facility with respect to which funds have been paid under section 720(a)—

(1)(A) in the case of a facility which was an affiliated hospital or outpatient facility with respect to which funds have been paid under section 720(a)(1), the facility is sold or transferred to an entity that would not be qualified to file an application under section 605 or the owner shall cease to be a public or other nonprofit entity that would be qualified to file such an application,

(B) in the case of a facility which was not an affiliated hospital or outpatient facility but was a facility with respect to which funds have been paid under paragraph (1) or (3) of section 720(a), the facility is sold or transferred to an entity which is not a public or nonprofit school or the owner shall cease to be a public or nonprofit school, or

(C) in the case of a facility which was a facility with respect to which funds have been paid under section 720(a)(2), the facility is sold or transferred to an entity which is not a public or nonprofit school or the owner shall cease to be a public or nonprofit school,

(2) the facility shall cease to be used for the teaching or training purposes (or other purposes permitted under section 722) for which it was constructed, or

(3) the facility is used for sectarian instruction or as a place for religious worship,

the United States shall be entitled to recover, whether from the transferor or the transferee (or, in the case of a facility which has ceased to be an entity qualified to file an application under section

605 or a public or nonprofit school or ceased to be used for a purpose referred to in paragraph (2) or is used for sectarian instruction or religious worship, from the owners thereof) an amount determined under subsection (c).

(b) The transferor of a facility which is sold or transferred as described in paragraph (1) of subsection (a), the owner of a facility which ceases to be a qualified public or other nonprofit entity or a public or nonprofit school, or the owner of a facility the use of which is changed as described in paragraph (2) or (3) of subsection (a), shall provide the Secretary written notice of such sale, transfer, or change—

(1) not later than—

(A) ten days after the date on which such sale, transfer, or change of use occurs, in the case of a facility which is sold or transferred or the use of which changes on or after the date of the enactment of this subsection, or

(B) thirty days after the date of the enactment of this subsection, in the case of a facility which was sold or transferred or the use of which changed before the date of the enactment of this subsection, or

(2) if the Secretary determines that such notice with respect to such change should more appropriately be made in the annual report to the Secretary of the person required to provide such notice, in the first such report after such change.

(c)(1) Except as provided in paragraph (2), the amount the United States shall be entitled to recover under subsection (a) is an amount bearing the same ratio to the then value (as determined by the agreement of the parties or in an action brought in the district court of the United States for the district for which the facility involved is situtated) of so much of the facility as constituted an approved project or projects as the amount of the Federal participation bore to the cost of the construction of such project or projects.

(2)(A) After the expiration of—

(i) 180 days after te date of the sale, transfer, or change of use for which a notice is required by subsection (b), in the case of a facility which is sold or transferred or the use of which changes on or after the date of the enactment of this subsection, or

(ii) thirty days after the date of the enactment of this subsection or if later 180 days after the date of the sale, transfer, or change of use for which a notice is required by subsection (b), in the case of a facility which was sold or transferred or the use of which changed before the date of the enactment of this subsection,

the amount which the United States is entitled to recover under paragraph (1) with respect to a facility shall be the amount prescribed by paragraph (1) plus interest, during the period described in subparahraph (B), at a rate (determined by the Secretary) based on the average of the bond equivalent of the weekly ninety-one-day Treasury bill auction rate.

(B) The period referred to in subparagraph (A) is the beginning—

(i) in the case of a facility which was sold or transferred or the use of which changes before the date of the enactment of this subsection, thirty days after such date or if later 180 days

after the date of the sale, transfer, or change of use for which a notice is required by subsection (b),

(ii) in the case of a facility which was sold or transferred or the use of which changes on or after the effective date of this subsection, and with respect to which notice is provided in accordance with subsection (b), upon the expiration of 180 days after the receipt of such notice, or

(iii) in the case of a facility which was sold or transferred or the use of which changes on or after the effective date of this subsection, and with respect to which such notice is not provided as prescribed by subsection (b), on the date of the sale, transfer, or change of use for which such notice was to be provided,

and ending on the date the amount the United States is entitled to under paragraph (1) is collected.

(d) The Secretary may waive the recovery rights of the United States under subsection (a)(2) with respect to a facility in any State if the Secretary determines, in accordance with regulations, that there is good cause for waiving such rights with respect to such facility.

(e) The right of recovery of the United States under subsection (a) shall not constitute a lien on any facility with respect to which funds have been paid under section 606.

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PART C—STUDENT ASSISTANCE

Subpart I—Federal Program of Insured Loans to Graduate Students in Health Professions Schools

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SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM

SEC. 728. (a) [The total principal amount of new loans made and installments paid pursuant to lines of credit (as defined in section 737) to borrowers covered by Federal loan insurance under this subpart shall not exceed $500,000,000 for the fiscal year ending September 30, 1978; $510,000,000 for the fiscal year ending September 30, 1979; $520,000,000 for the fiscal year ending September 30, 1980; and $200,000,000 for the fiscal year ending September 30, 1982; $225,000,000 for the fiscal year ending September 30, 1983; and $250,000,000 for the fiscal year ending September 30, 1984.] *The total principal amount of new loans made and installments paid pursuant to lines of credit (as defined in section 737) to borrowers covered by Federal loan insurance under this subpart shall not exceed $250,000,000 for fiscal year 1985, $275,000,000 for fiscal year 1986, $290,000,000 for fiscal year 1987, and $305,000,000 for fiscal year 1988. If the total amount of new loans made and installments paid pursuant to lines of credit in any fiscal year is less than the ceiling established for such year by the preceding sentence, the difference between the loans made and installments paid and the ceiling shall be carried over to the next fiscal year and added to the ceiling applicable to that fiscal year.* Thereafter, Federal loan insurance pursuant to this subpart may be granted only for loans

made (or for loan installments paid pursuant to lines of credit) to enable students, who have obtained prior loans insured under this subpart, to continue or complete their educational program or to obtain a loan under section 731(a)(1)(B) to pay interest on such prior loans; but no insurance may be granted for any loan made or installment paid after September 30, [1987,] *1991,* and for the next fiscal year.

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LIMITATIONS ON INDIVIDUAL FEDERALLY INSURED LOANS AND ON FEDERAL LOAN INSURANCE

SEC. 729. (a) The total of the loans made to a student in any academic year or its equivalent (as determined by the Secretary) which may be covered by Federal loan insurance under this subpart may not exceed $20,000 in the case of a student enrolled in a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, or podiatry, and $12,500 in the case of a student enrolled in a school of pharmacy, public health, *allied health,* or chiropractic, or a graduate program in health administration or clinical psychology. The aggregate insured unpaid principal amount for all such insured loans made to any borrower shall not any time exceed $80,000 in the case of a borrower who is or was a student enrolled in a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, or podiatry, and $50,000 in the case of a borrower who is or was a student enrolled in a school of pharmacy, public health, *allied health,* or chiropractic, or a graduate program in health administration or clinical psychology. The annual insurable limit per student shall not be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any year in excess of the annual limit.

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ELIGIBILITY OF STUDENT BORROWERS AND TERMS OF FEDERALLY INSURED LOANS

SEC. 731. (a) A loan by an eligible lender shall be insurable by the Secretary under the provisions of this subpart only if—

(1) made to—

(A) a student who—

(i)(I) has been accepted for enrollment at an eligible institution, or (II) in the case of a student attending an eligible institution, is in good standing at that institution, as determined by the institution;

(ii) is or will be a full-time student [(as defined in section 770(c)(2))] *(as defined in section 770(c)(2) (as such section was in effect on September 30, 1985))* at the eligible institution;

(iii) has agreed that all funds received under such loan shall be used solely for tuition, other reasonable educational expenses, including fees, books, and laboratory expenses, and reasonable living expenses, incurred by such students; [and]

(iv) if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section; and

[(iv)] *(v)* in the case of a pharmacy student, has satisfactorily completed three years of training; or

(B) an individual who—

(i) has previously had a loan insured under this subpart when the individual was a full-time student at an eligible institution;

(ii) is in a period during which, pursuant to paragraph (2), the principal amount of such previous loan need not be paid; [and]

(iii) has agreed that all funds received under the proposed loan shall be used solely for repayment of interest due on previous loans made under this subpart; and

(iv) if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section; and

(2) evidenced by a note or other written agreement which—

(A) is made without security and without endorsement, except that if the borrower is a minor and such note or other written agreement executed by him would not, under the applicable law, create a binding obligation, an endorsement may be required;

[(B) provides for repayment of the principal amount of the loan in installments over a period of not less than 10 years (unless sooner repaid) nor more than 25 years beginning not earlier than 9 months nor later than 12 months after the date on which the borrower ceases to be a participant in an accredited internship or residency program or (if he was not a participant in such a program) ceases to carry, at an eligible institution, the normal full-time academic workload as determined by the institution, except (i) as provided in clause (C) below, (ii) that the period of the loan may not exceed 33 years from the date of execution of the note or written agreement evidencing it, and (iii) that the note or other written instrument may contain such provisions relating to repayment in the event of default in the payment of interest or in the payment of the costs of insurance premiums, or other default by the borrower, as may be authorized by regulations of the Secretary in effect at the time the loan is made;]

(B) provides for repayment of the principal amount of the loan in installments over a period of not less than 10 years (unless sooner repaid) nor more than 25 years beginning not earlier than 9 months nor later than 12 months after the date of—

(i) the date on which—

(I) the borrower ceases to be a participant in an accredited internship or residency program of not more than four years in duration;

(II) the borrower completes the fourth year of an accredited internship or residency program of more than four years in duration; or

(III) the borrower, if not a participant in a program described in subclause (I) or (II), ceases to carry, at an eligible institution, the normal full-time academic workload as determined by the institution; or

(ii) the date on which a borrower who is a graduate of an eligible institution ceases to be a participant in a fellowship training program not in excess of two years or in a full-time educational activity not in excess of two years, which—

(I) is directly related to the health profession for which the borrower prepared at an eligible institution, as determined by the Secretary; and

(II) may be engaged in by the borrower during such a two-year period which begins within twelve months after the completion of the borrower's participation in a program described in subclause (I) or (II) of clause (i) or prior to the completion of the borrower's participation in such program,

except as provided in subparagraph (C), except that the period of the loan may not exceed 33 years from the date of execution of the note or written agreement evidencing it, and except that the note or other written instrument may contain such provisions relating to repayment in the event of default in the payment of interest or in the payment of the costs of insurance premiums or other default by the borrower, as may be authorized by regulations of the Secretary in effect at the time the loan is made;

(C) provides that periodic installments of principal and interest need not be paid, but interest shall accrue, during any period (i) during which the borrower is pursuing a full-time course of study at an eligible institution (or at an institution defined by section 435(b) of the Higher Education Act of 1965), (ii) not in excess of four years during which the borrower is a participant in an accredited internship or residency program *(including any period in such a program described in subclause (I) or subclause (II) of subparagraph (B)(i),* (iii) not in excess of three years, during which the borrower is a member of the Armed Forces of the United States, (iv) not in excess of three years during which the borrower is in service as a volunteer under the Peace Corps Act, (v) not in excess of three years during which the borrower is a member of the National Health Service Corps, **[**or**]** (iv) not in excess of three years during which the borrower is in service as a full-time volunteer under title I of the Domestic Volunteer Service Act of 1973, *or (vii) any period not in excess of two years which is described in subparagraph (B)(ii)* and any such period shall not be included in determining the 25-

year period [or the 33-year period] provided in clause (B) above;

* * * * * * *

(F) entitles the borrower to accelerate without penalty repayment of the whole or any part of the loan; [and]

(G) provides that the loan shall be made payable jointly to the borrower and the eligible institution in which the borrower is enrolled; and

[(G)] *(H)* contains such other terms and conditions consistent with the provisions of this subpart and with the regulations issued by the Secretary pursuant to this subpart, as may be agreed upon by the parties to such loan, including, if agreed upon, a provision requiring the borrower to pay to the lender, in addition to principal and interest, amounts equal to the insurance premiums payable by the lender to the Secretary with respect to such loan.

(b) No maximum rate of interest prescribed and defined by the Secretary for the purpose of paragraph (2)(D) of subsection (a) may exceed the average of the bond equivalent rates of the 91-day Treasury bills auctioned for the previous quarter plus [3½] *3* percentage points, rounded to the next higher one-eighth of 1 percent.

(c) The total of the payments by a borrower during any year or any repayment period with respect to the aggregate amount of all loans to that borrower which are insured under this subpart shall not be less than the annual interest on the outstanding principal, except as provided in [section 731(a)(2)(C).] *subsection (a)(2)(C), unless the borrower, in the written agreement described in subsection (a)(2), agrees to make payments during any year or any repayment period in a lesser amount.*

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CERTIFICATE OF FEDERAL LOAN INSURANCE—EFFECTIVE DATE OF INSURANCE

SEC. 732. (a)(1) * * *

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(c)*(1)* The Secretary shall, pursuant to regulations, charge for insurance on each loan under this subpart a premium in an amount not to exceed [2] *4* percent per year of the unpaid principal amount of such loan (excluding interest added to principal), payable [in advance, at such times and] *in advance at the time the loan is made* in such manner as may be prescribed by the Secretary. Such regulations may provide that such premium shall not be payable, or if paid shall be refundable, with respect to any period after default in the payment of principal or interest or after the borrower has died or become totally and permanently disabled, if (1) notice of such default or other event has been duly given, and (2) requests for payment of the loss insured against has been made or the Secretary has made such payment on his own motion pursuant to section 733(a).

(2) The Secretary may not increase the percentage per year on the principal balance of loans charged pursuant to paragraph (1) for in-

surance premiums, unless the Secretary has, prior to any such increase—

(A) requested a qualified public accounting firm to evaluate whether an increase in such percentage is necessary to ensure the solvency of the student loan fund established by section 734, and to determine the amount of such an increase, if necessary; and

(B) such accounting firm has recommended such an increase and has determined the amount of such increase necessary to ensure the solvency of such fund.

The Secretary may not increase such percentage in excess of the maximum percentage permitted by paragraph (1) or increase such percentage by an amount in excess of the amount of the increase determined by a qualified accounting firm pursuant to this paragraph.

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STUDENT LOAN INSURANCE FUND

SEC. 734. (a) There is hereby established a student loan insurance fund (hereinafter in this section referred to as the "fund") which shall be available without fiscal year limitation to the Secretary for making payments in connection with the *collection or* default of loans insured by him under this subpart. All amounts received by the Secretary as premium charges for insurance and as receipts, earnings, or proceeds derived from any claim or other assets acquired by the Secretary in connection with his operations under this subpart, and any other moneys, property, or assets derived by the Secretary from his operations in connection with this section, shall be deposited in the fund. All payments in connection with the default of loans insured by the Secretary under this subpart shall be paid from the fund. Moneys in the fund not needed for current operations under this section may be invested in bonds or other obligations guaranteed as to principal and interest by the United States.

(b) If at any time the moneys in the fund are insufficient to make payments in connection with the *collection or* default of any loan insured by the Secretary under this subpart, the Secretary is authorized to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury, but only in such amounts as may be specified from time to time in appropriation Acts. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury shall purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended

to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. Sums borrowed under this subsection shall be deposited in the fund and redemption of such notes and obligations shall be made by the Secretary from such fund.

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DEFINITIONS

SEC. 737. As used in this subpart:

(1) The term "eligible institution" means, with respect to a fiscal year, a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, pharmacy, public health, *allied health,* or chiropractic, or a graduate program in health administration or clinical psychology.

[(2) The term "school of chiropractic" means a school in a State which provides training leading to a degree of doctor of chiropractic or an equivalent degree and which is accredited in the manner described in section 701(5).

[(3) The term "graduate program in clinical psychology" means a graduate program in a public or nonprofit private institution in a State which provides training leading to a doctoral degree in clinical psychology or an equivalent degree and which is accredited in the manner described in section 701(5).]

[(4)] *(2)* The term "eligible lender" means an eligible institution, an agency or instrumentality of a State, a financial or credit institution (including an insurance company) which is subject to examination and supervision by an agency of the United States or of any States, or a pension fund approved by the Secretary for this purpose.

[(5)] *(3)* The term "line of credit" means an arrangement or agreement between the lender and the borrower whereby a loan is paid out by the lender to the borrower in annual installments, or whereby the lender agrees to make, in addition to the initial loan, additional loans in subsequent years.

(4) The term "school of allied health" means a program in a school of allied health (as defined in section 701(10)) which leads to a masters' degree or a doctoral degree.

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Subpart II—Students Loans

LOAN AGREEMENTS

SEC. 740. (a) The Secretary is authorized to enter into an agreement for the establishment and operation of a student loan fund in accordance with this subpart with any public or other nonprofit school of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, [or] veterinary medicine, *public health, or chiropractic* which is located in a State and is accredited as provided in section 721(b)(1)(B) *and with any public or other nonprofit school which is*

located in a State and which offers an accredited graduate program in clinical psychology.

(b) Each agreement entered into under this section shall—

(1) provide for establishment of a student loan fund by the school;

(2) provide for deposit in the fund of (A) the Federal capital contributions to the fund, (B) an amount equal to not less than one-ninth of such Federal capital contributions, contributed by such institution, (C) collections of principal and interest on loans made from the fund, (D) collections pursuant to section 741(j), and (E) any other earnings of the fund;

(3) provide that the fund shall be used only for loans to students of the school in accordance with the agreement and for costs of collection of such loans and interest thereon;

(4) provide that loans may be made from such funds only to students pursuing a full-time course of study at the school leading to a degree of doctor of medicine, doctor of dentistry or an equivalent degree, doctor of osteopathy, bachelor of science in pharmacy or an equivalent degree, *doctor of pharmacy or an equivalent degree,* doctor of podiatry or an equivalent degree, doctor of optometry or an equivalent degree, [or] doctor of veterinary medicine or an equivalent degree, *or doctor of chiropractic or an equivalent degree, a graduate degree in public health or an equivalent degree, or a doctoral degree in clinical psychology or an equivalent degree;*

(5) provide that the school shall advise, in writing, each applicant for a loan from the student loan fund of the provisions of section 741 under which outstanding loans from the student loan fund may be paid (in whole or in part) by the Secretary; and

(6) contain such other provisions as are necessary to protect the financial interests of the United States.

With respect to fiscal years beginning after the fiscal year ending September 30, 1985, each agreement shall provide that at least one-half of the Federal contribution in such fiscal years to the student loan fund of the school shall be used to make loans to individuals from disadvantaged backgrounds as determined in accordance with criteria in effect on September 30, 1984, which were prescribed by the Secretary under section 787.

LOAN PROVISIONS

SEC. 741. (a) Loans from a student loan fund (established under an agreement with a school under section 740) may not exceed for any student for each school year (or its equivalent) the sum of—

(1) the cost of tuition for such year at such school, and

(2) $2,500.

(b) Any such loans shall be made on such terms and conditions as the school may determine, but may be made only to a student *(1)* in need of the amount thereof to pursue a full-time course of study at the school leading to a degree of doctor of medicine, doctor of dentistry or an equivalent degree, doctor of osteopathy, bachelor of science in pharmacy or an equivalent degree, *doctor of pharmacy or an equivalent degree,* doctor of podiatry or an equivalent degree,

doctor of optometry or an equivalent degree [or] doctor of veterinary medicine or an equivalent degree, *or doctor of chiropractic or an equivalent degree, a graduate degree in public health or an equivalent degree, or a doctoral degree in clinical psychology or an equivalent degree, and (2) who if required under section 3 of the Military Selective Service Act to present himself for and submit to registration under such section, has presented himself and submitted to registration under such section.*

[(c) Such loans shall be repayable in equal or graduated periodic installments (with the right of the borrower to accelerate repayment) over the ten-year period which begins one year after the student ceases to pursue a full-time course of study at a school of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine, excluding from such ten-year period all periods (up to three years) of (1) active duty performed by the borrower as a member of a uniformed service, or (2) service as a volunteer under the Peace Corps Act; and periods of advanced professional training including internships and residences.]

(c) Such loans shall be repayable in equal or graduated periodic installments (with the right of the borrower to accelerate repayment) over the ten-year period which begins one year after the student ceases to pursue a full-time course of study at a school of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, veterinary medicine, public health, or chiropractic, or in a graduate program in clinical psychology, excluding from such ten-year period—

(1) all periods—

(A) not in excess of three years of active duty performed by the borrower as a member of a uniformed service;

(B) not in excess of three years during which the borrower serves as a volunteer under the Peace Corps Act; and

(C) during which the borrower participates in advanced professional training, including internships and residencies; and

(2) a period—

(A) not in excess of two years during which a borrower who is a full-time student in such a school or program leaves the school or program, with the intent to return to such school or program as a full-time student, in order to engage in a full-time educational activity which is directly related to the health profession for which the individual is preparing, as determined by the Secretary; or

(B) not in excess of two years during which a borrower who is a graduate of such a school or program is a participant in a fellowship training program or a full-time educational activity which—

(i) is directly related to the health profession for which such borrower prepared at such school or program, as determined by the Secretary; and

(ii) may be engaged in by the borrower during such a two-year period which begins within twelve months after the completion of the borrower's participation in advanced professional training described in paragraph

(1)(C) or prior to the completion of such borrower's participation in such training.

* * * * * * *

(f)(1) In the case of any individual—

(A) who has received a degree of doctor of medicine, doctor of osteopathy, doctor of dentistry or an equivalent degree, doctor of veterinary medicine or an equivalent degree, doctor of optometry or an equivalent degree, bachelor of science in pharmacy or an equivalent degree, [or doctor of podiatry or an equivalent degree]*, doctor of pharmacy or an equivalent degree, doctor of podiatry or an equivalent degree, or doctor of chiropractic or an equivalent degree, a graduate degree in public health, or a doctoral degree in clinical psychology*;

(B) who (i) obtained one or more loans from a loan fund established under this subpart, or (ii) obtained, under a written loan agreement entered into before October 12, 1976, any other educational loan for his costs at a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, or podiatry; and

(C) who enters into an agreeement with the Secretary to practice his profession (as a member of the National Health Service Corps or otherwise) for a period of at least two years in an area in a State in a health manpower shortage area designated under section 332;

the Secretary shall make payments in accordance with paragraph (2), for and on behalf of that individual, on the principal of and interest on any loan of his described in subparagraph (B) of this paragraph which is outstanding on the date he begins the practice specified in the agreement described in subparagraph (C) of this paragraph.

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[(i) Where all or any part of a loan, or interest, is canceled under this section, the Secretary shall pay to the school an amount equal to the school's proportionate share of the canceled portion, as determined by the Secretary.]

(i) Subject to regulations of the Secretary, a school may assess a charge with respect to loans made under this subpart to cover the costs of insuring against cancellation of liability under subsection (d).

(j) Subject to regulations of the Secretary *and in accordance with this section,* a school [may] *shall* assess a charge with respect to a loan made under this subpart for failure of the borrower to pay all or any part of an installment when it is due and, in the case of a borrower who is entitled to deferment of the loan under subsection (c) or cancellation of part or all of the loan under subsection (f), for any failure to file timely and satisfactory evidence of such entitlement. [The amount of any such charge may not exceed $1 for the first month or part of a month by which such installment or evidence is late and $2 for each such month or part of a month thereafter.] *No such charge may be made if the payment of such installment or the filing of such evidence is made within 60 days after the date on which such installment or filing is due. The amount of any*

such charge may not exceed an amount equal to 6 percent of the amount of such installment. The school may elect to add the amount of any such charge to the principal amount of the loan as of the first day after the day on which such installment or evidence was due or to make the amount of the charge payable to the school not later than the due date of the next installment after receipt by the borrower of notice of the assessment of the charge.

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(m) The Secretary is authorized to attempt to collect any loan which was made under this subpart, which is in default, and which was referred to the Secretary by a school with which the Secretary has an agreement under this subpart, on behalf of that school under such terms and conditions as the Secretary may prescribe (including reimbursement from the school's student loan fund for expenses the Secretary may reasonably incur in attempting collection), but only if the school has complied with such requirements as the Secretary may specify by regulation with respect to the collection of loans under this subpart. A loan so referred shall be treated as a debt subject to section 5514 of title 5, United States Code. Amounts collected shall be deposited in the school's student loan fund. Whenever the Secretary desires the institution of a civil action regarding any such loan, the Secretary shall refer the matter to the Attorney General for appropriate action.

AUTHORIZATION OF APPROPRIATIONS

SEC. 742. (a) For the purpose of making Federal capital contributions into the student loan funds of schools which have established such funds under section 740, there are authorized to be appropriated $26,000,000 for the fiscal year ending September 30, 1978, $27,000,000 for the fiscal year ending September 30, 1979, $28,000,000 for the fiscal year ending September 30, 1980, $12,000,000 for the fiscal year ending September 30, 1982, $13,000,000 for the fiscal year ending September 30, 1983, [and] $14,000,000 for the fiscal year ending September 30, 1984, *$2,000,000 for the fiscal year ending September 30, 1986, $2,100,000 for the fiscal year ending September 30, 1987, and $2,200,000 for the fiscal year ending September 30, 1988. Of the amount appropriated under this subsection for any fiscal year, not more than 4 percent of such amount may be made available for Federal capital contributions for student loan funds at schools of chiropractic.*

(b)(1) * * *

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(5) Any funds from a student loan fund established under this subpart which are returned to the Secretary in any fiscal year shall be available for allotment under this subpart, in such fiscal year and the fiscal year succeeding such fiscal year, to schools which, during the period beginning on July 1, 1972, and ending on September 30, 1984, established student loan funds with Federal capital contributions under this subpart.

DISTRIBUTION OF ASSETS FROM LOAN FUNDS

SEC. 743. (a) After September 30, [1987,] *1991,* and not later than December 31, [1987,] *1991,* there shall be a capital distribution of the balance of the loan fund established under an agreement pursuant to section 740(b) by each school as follows:

(1) The Secretary shall first be paid an amount which bears the same ratio to such balance in such fund at the close of September 30, [1987,] *1991,* as the total amount of the Federal capital contributions to such fund by the Secretary pursuant to section 740(b)(2)(A) bears to the total amount in such fund derived from such Federal capital contributions and from funds deposited therein pursuant to section 740(b)(2)(B).

(2) The remainder of such balance shall be paid to the school.

(b) After December 31, [1987,] *1991,* each school with which the Secretary has made an agreement under this subpart shall pay to the Secretary, not less often than quarterly, the same proportionate share of amounts received by the school after September 30, [1987,] *1991,* in payment of principal or interest on loans made from the loan fund established pursuant to such agreement as was determined for the Secretary under subsection (a).

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STUDENT LOAN INFORMATION BY INSTITUTIONS

SEC. 745. (a) With respect to loans made by a school under this subpart after June 30, 1986, each school, in order to carry out the provisions of sections 740 and 741, shall, at any time such school makes such a loan to a student under this subpart, provide thorough and adequate loan information on loans made under this subpart to the student. The loan information required to be provided to the student by this subsection shall include—

(1) the yearly and cumulative maximum amounts that my be borrowed by the student;

(2) the terms under which repayment of the loan will begin;

(3) the maximum number of years in which the loan must be repaid;

(4) the interest rate that will be paid by the borrower and the minimimum amount of the required monthly payment;

(5) the amount of any other fees charged by the borrower by the lender;

(6) any options the borrower may have for deferral, cancellation, prepayment, consolidation, or other refinancing of the loan;

(7) a definition of default on the loan and a specification of the consequences which will result to the borrower if the borrower defaults, including a description of any arrangements which may be made with credit bureau organizations;

(8) to the extent practicable, the effect of accepting the loan on the eligiblity of the borrower for other forms of student assistance; and

(9) a description of the actions that may be taken by the Federal Government to collect the loan, including a description of the type of information concerning the borrower that the Feder-

al Government may disclose to officers, employees, or agents of the Department of Health and Human Services, officers, employees, or agents of schools with which the Secretary has an agreement under this subpart, or any other person involved in the collection of a loan under this subpart.

(b) Each school shall, immediately prior to the graduation from such school of a student who received a loan under this subpart after June 30, 1986, provide such student with a statement specifying—

(1) each amount borrowed by the student under this subpart;

(2) the total amount borrowed by the student under this subpart; and

(3) a schedule for the repayment of the amounts borrowed under this subpart, including the number, amount, and frequency of payments to be made.

PROCEDURES FOR APPEAL OF TERMINATIONS

SEC. 746. In any case in which the Secretary intends to terminate an agreement with a school under this subpart, the Secretary shall provide the school with a written notice specifying such intention and stating that the school may request a formal hearing with respect to such termination. If the school requests such a hearing within 30 days after the receipt of such notice, the Secretary shall provide such school with a hearing conducted by an administrative law judge.

DEFINITION

SEC. 747. For purposes of this subpart, the term "school of pharmacy" means a public or nonprofit private school in a State which provides training leading to a degree of bachelor of science in pharmacy or an equivalent degree or a degree of doctor of pharmacy or an equivalent degree and which is accredited in the manner described in section 701(5).

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Subpart V—Other Scholarships

SCHOLARSHIPS FOR FIRST-YEAR STUDENTS OF EXCEPTIONAL FINANCIAL NEED

SEC. 758. (a) The Secretary shall make grants to a public or nonprofit school of medicine, osteopathy, dentistry, optometry, pharmacy, podiatry, or veterinary medicine which is accredited as provided in section 721(b)(1)(B), for scholarships to be awarded by the school to full-time students thereof who are of exceptional financial need and who are in their first year of study at such school.

(b)(1) Scholarships may be awarded by a school from a grant under subsection (a) only to individuals who have been accepted by it for enrollment as full-time students in their first year of study at such school.

[(2) A scholarship awarded to a student for a school year under a grant made under subsection (a) shall be the scholarship described in section 751(g).]

(2) A scholarship provided to a student for a school year under a grant under subsection (a) shall consist of—

(A) payment to, or (in accordance with paragraph (4)) on behalf of, the student of the amount (except as provided in section 710) of—

(i) the tuition of the student in such school year; and

(ii) all other reasonable educational expenses, including fees, books, and laboratory expenses, incurred by the student in such school year; and

(B) payment to the student of a stipend of $400 per month (adjusted in accordance with paragraph (5)) for each of the 12 consecutive months beginning with the first month of such school year.

(3) Notwithstanding paragraph (2), the total scholarship award to a student for each year shall not exceed the cost of attendance for that year at the educational institution attended by the student (as determined by such educational institution).

(4) The Secretary may contract with an educational institution in which is enrolled a student who has received a scholarhsip with a grant under subsection (a) for the payment to the educational institution of the amounts of tuition and other reasonable educational expenses described in paragraph (2)(A). Payment to such an educational institution may be made without regard to section 3324 of title 31, United States Code.

(5) The amount of the monthly stipend, specified in paragraph (2)(B) and as previously adjusted (if at all) in accordance with this paragraph, shall be increased by the Secretary for each school year by an amount (rounded to the next highest multiple of $1) equal to the amount of such stipend multiplied by the overall percentage (as set forth in the report transmitted to the Congress under section 5305 of title 5, United States Code) of the adjustment (if such adjustment is an increase) in the rates of pay under the General Schedule made effective in the fiscal year in which such school year ends.

[(3)] *(6)* For purposes of this section, the term "first year of study" means, with respect to a student of a school other than a school of pharmacy, the student's first year of postbaccalaureate study at such school.

(c) The Secretary shall give priority in distributing grants under subsection (a) to schools of medicine, osteopathy, and dentistry.

(d) For the purpose of making grants under this section, there is authorized to be appropriated $16,000,000 for the fiscal year ending September 30, 1978, $17,000,000 for the fiscal year ending September 30, 1979, $18,000,000 for the fiscal year ending September 30, 1980, $6,000,000 for the fiscal year ending September 30, 1982, $6,500,000 for the fiscal year ending Septembr 30, 1983, [and] $7,000,000 for the fiscal year ending September 30, 1984, *$7,000,000 for the fiscal year ending September 30, 1986, $7,350,000 for the fiscal year ending September 30, 1987, and $7,700,000 for the fiscal year ending September 30, 1988.*

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[PART D—GRANTS TO PROVIDE PROFESSIONAL AND TECHNICAL TRAINING IN THE FIELD OF FAMILY MEDICINE

[DECLARATION OF PURPOSE

[SEC. 761. It is the purpose of this part to provide for the making of grants to assist—

[(1) public and private nonprofit medical schools—

[(A) to operate, as an integral part of their medical education program, separate and distinct departments devoted to providing teaching and instruction (including continuing education) in all phases of family practice;

[(B) to construct such facilities as may be appropriate to carry out a program of training in the field of family medicine whether as a part of a medical school or as separate outpatient or similar facility;

[(C) to operate, or participate in, special training program for paramedical personnel in the field of family medicine; and

[(D) to operate, or participate in, special training programs to teach and train medical personnel to head departments of family practice or otherwise teach family practice in medical schools; and

[(2) public and private nonprofit hospitals which provide training programs for medical students, interns, or residents—

[(A) to operate, as an integral part of their medical training programs, special professional training programs (including continuing education) in the field of family medicine for medical students, interns, residents, or practicing physicians;

[(B) to construct such facilities as may be appropriate to carry out a program of training in the field of family medicine whether as a part of a hospital or as a separate outpatient or similar facility;

[(C) to provide financial assistance (in the form of scholarships, fellowships, or stipends) to interns, residents, or other medical personnel who are in need thereof, who are participants in a program of such hospital which provides special training (accredited by a recognized body or bodies approved for such purpose by the Commissioner of Education) in the field of family medicine, and who plan to specialize or work in the practice of family medicine; and

[(D) to operate, or participate in, special training programs for paramedical personnel in the field of family medicine.

[AUTHORIZATION OF APPROPRIATIONS

[SEC. 762. (a) For the purpose of making grants to carry out the purposes of this part, there are authorized to be appropriated $50,000,000 for the fiscal year ending June 30, 1971, $75,000,000 for the fiscal year ending June 30, 1972, and $100,000,000 for the fiscal year ending June 30, 1973.

[(b) Sums appropriated pursuant to subsection (a) for any fiscal year shall remain available for the purpose for which appropriated

until the close of the fiscal year which immediately follows such year.

[GRANTS BY SECRETARY

[SEC. 763. (a) From the sums appropriated pursuant to section 762, the Secretary is authorized to make grants in accordance with the provisions of this part, to carry out the purposes of section 761.

[(b) No grant shall be made under this part unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall have prescribed by regulations which have been promulgated by him and published in the Federal Register not later than six months after the date of enactment of this part.

[(c) Grants under this part shall be in such amounts and subject to such limitations and conditions as the Secretary may determine to be proper to carry out the purposes of this part.

[(d) In the case of any application for a grant any part of which is to be used for major construction or remodeling of any facility, the Secretary shall not approve the part of the grant which is to be so used unless the recipient of such grant enters into appropriate arrangements with the Secretary which will equitably protect the financial interests of the United States in the event such facility ceases to be used for the purpose for which such grant or part thereof was made prior to the expiration of the twenty-year period which commences on the date such construction or remodeling is completed.

[(e) Grants made under this part shall be used only for the purpose for which made and may be paid in advance or by way of reimbursement, and in such installments, as the Secretary may determine.

[ELIGIBILITY FOR GRANTS

[SEC. 764. (a) In order for any medical school to be eligible for a grant under this part, such school—

[(1) must be a public or other nonprofit school of medicine; and

[(2) must be accredited as a school of medicine by a recognized body or bodies approved for such purpose by the Commissioner of Education, except that the requirements of this clause shall be deemed to be satisfied, if (A) in the case of a school of medicine which by reason of no, or an insufficient, period of operation, is not, at the time of application for a grant under this part, eligible for such accreditation, the Commissioner finds, after consultation with the appropriate accreditation body or bodies, that there is reasonable assurance that the school will meet the accreditation standards of such body or bodies prior to the beginning of the academic year following the normal graduation date of students who are in their first year of instruction at such school during the fiscal year in which the Secretary makes a final determination as to approval of the application.

[(b) In order for any hospital to be eligible for a grant under this part, such hospital—

[(1) must be a public or private nonprofit hospital; and

[(2) must conduct or be prepared to conduct in connection with its other activities (whether or not as an affiliate of a school of medicine) one or more programs of medical training for medical students, interns, or residents, which is accredited by a recognized body or bodies, approved for such purpose by the Commissioner of Education.

[APPROVAL OF GRANTS

[SEC. 765. (a) The Secretary, upon the recommendation of the Advisory Council on Family Medicine, is authorized to make grants under this part upon the determination that—

[(1) the applicant meets the eligibility requirements set forth in section 764;

[(2) the applicant has complied with the requirements of section 763;

[(3) the grant is to be used for one or more of the purposes set forth in section 761;

[(4) it contains such information as the Secretary may require to make the determinations required of him under this section and such assurances as he may find necessary to carry out the purposes of this part;

[(5) it provides for such fiscal control and accounting procedures and reports and access to the records of the applicant, as the Secretary may require (pursuant to regulations which shall have been promulgated by him and published in the Federal Register) to assure proper disbursement of and accounting for all Federal funds paid to the applicant under this part; and

[(6) the application contains or is supported by adequate assurance that any laborer or mechanic employed by any contractor or subcontractor in the performance of work on the construction of the facility will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a5). The Secretary of Labor shall have, with respect to the labor standards specified in this paragraph, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 65 Stat. 1267), and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

[(b) The Secretary shall not approve any grant to—

[(1) a school of medicine to establish or operate a separate department devoted to the teaching of family medicine unless the Secretary is satisfied that—

[(A) such department is (or will be, when established) of equal standing with the other departments within such school which are devoted to the teaching of other medical specialty disciplines; and

[(B) such department will, in terms of the subjects offered and the type and quality of instruction provided, be designed to prepare students thereof to meet the standards

established for specialists in the specialty of family practice by a recognized body approved by the Commissioner of Education; or

[(2) a hospital to establish or operate a special program for medical students, interns, or residents in the field of family medicine unless the Secretary is satisfied that such program will, in terms of the type of training provided, be designed to prepare participants therein to meet the standards established for specialists in the field of family medicine by a recognized body approved by the Commissioner of Education.

[(c) The Secretary shall not approve any grant under this part unless the applicant therefor provides assurances satisfactory to the Secretary that funds made available through such grant will be so used as to supplement and, to the extent practical, increase the level of non-Federal funds which would, in the absence of such grant, be made available for the purpose for which such grant is requested.

[PLANNING AND DEVELOPMENTAL GRANTS

[SEC. 766. (a) For the purpose of assisting medical schools and hospitals (referred to in section 761) to plan or develop programs or projects for the purpose of carrying out one or more of the purposes set forth in such section, the Secretary is authorized for any fiscal year (prior to the fiscal year which ends June 30, 1973) to make planning and developmental grants in such amounts and subject to such conditions as the Secretary may determine to be proper to carry out the purposes of this section.

[(b) From the amounts appropriated in any fiscal year (prior to the fiscal year ending June 30, 1973) pursuant to section 762(a), the Secretary may utilize such amounts as he deems necessary (but not in excess of $8,000,000 for any fiscal year) to make the planning and developmental grants authorized by subsection (a).

[ADVISORY COUNCIL ON FAMILY MEDICINE

[SEC. 767. (a) The Secretary shall appoint an Advisory Council on Family Medicine (hereinafter in this section referred to as the "Council"). The Council shall consist of twelve members, four of whom shall be physicians engaged in the practice of family medicine, four of whom shall be physicians engaged in the teaching of family medicine, three of whom shall be representatives of the general public, and one of whom shall, at the time of his appointment, be an intern in family medicine. Members of the Council shall be individuals who are not otherwise in the regular full-time employ of the United States.

[(b)(1) Except as provided in paragraph (2), each member of the Council shall hold office for a term of four years, except that any member appointed to fill a vacancy prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Secretary at the time of appointment, three at the end of the first year, three at the end of the second year, three at the end of the

third year, and three at the end of the fourth year, after the date of appointment.

[(2) The member of the Council appointed as an intern in family medicine shall serve for one year.

[(3) A member of the Council shall not be eligible to serve continuously for more than two terms.

[(c) Members of the Council shall be appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. Members of the Council, while attending meetings or conferences thereof or otherwise serving on business of the Council, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding $100 per day, including traveltime, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service, employed intermittently.

[(d) The Council shall advise and assist the Secretary in the preparation of regulations for, and as to policy matters arising with respect to, the administration of this part. The Council shall consider all applications for grants under this part and shall make recommendations to the Secretary with respect to approval of applications for, and of the amount of, grants under this part.

[DEFINITIONS

[SEC. 768. For purposes of this part—

[(1) the term "nonprofit" as applied to any hospital or school of medicine means a school of medicine or hospital which is owned and operated by one or more nonprofit corporations or associations, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual;

[(2) the term "family medicine" means those certain principles and techniques and that certain body of medical, scientific, administrative, and other knowledge and training, which especially equip and prepare a physician to engage in the practice of family medicine;

[(3) the term "practice of family medicine" and the term "practice", when used in connection with the term "family medicine", mean the practice of medicine by a physician (licensed to practice medicine and surgery by the State in which he practices his profession) who specializes in providing to families (and members thereof) comprehensive, continuing, professional care and treatment of the type necessary or appropriate for their general health maintenance; and

[(4) the term "construction" includes construction of new buildings, acquisition, expansion, remodeling, and alteration of existing buildings and initial equipment of any such buildings, including architects' fees, but excluding the cost of acquisition of lands or offsite improvements.

[GRANTS FOR TRAINING, TRAINEESHIPS, AND FELLOWSHIPS IN FAMILY MEDICINE

[SEC. 767. There are authorized to be appropriated $25,000,000 for the fiscal year ending June 30, 1972, $35,000,000 for the fiscal year ending June 30, 1973, $40,000,000 each for the fiscal year ending June 30, 1974, June 30, 1975, and June 30, 1976, and $39,000,000 for the fiscal year ending September 30, 1977, for grants by the Secretary to any public or nonprofit private hospital—

[(1) to plan, develop, and operate, or participate in, an approved professional training program (including continuing education and approved residency programs in family practice) in the field of family medicine for medical students, interns, residents, or practicing physicians;

[(2) to provide financial assistance (in the form of traineeships and fellowships) to medical students, interns, residents, practicing physicians, or other medical personnel, who are in need thereof, who are participants in any such program, and who plan to specialize or work in the practice of family medicine; and

[(3) to plan, develop, and operate, or participate in, other approved training programs in the field of family medicine.

[GRANTS FOR SUPPORT OF POSTGRADUATE TRAINING PROGRAMS FOR PHYSICIANS AND DENTISTS

[SEC. 768. (a) There are authorized to be appropriated $7,500,000 for the fiscal year ending June 30, 1973, and $15,000,000 each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, for grants under subsection (b).

[(b)(1) The Secretary shall make annual grants in accordance with this section to—

[(A) public or nonprofit private schools of medicine, osteopathy, or dentistry, which are accredited as provided in section 721(b)(1), and which have approved applications, and

[(B) public or nonprofit private hospitals which are not affiliated with an accredited school of medicine, osteopathy, or dentistry, and which have approved applications,

to assist in meeting the educational costs of the first three years of full-time approved graduate training programs in the area of primary care or in any other area of health care (designated under subsection (c)(3)(B)) in which there is a shortage of qualified physicians or dentists.

[(2) The amount of a grant under this subsection for any fiscal year to any school or hospital shall be equal to $3,000 for each physician or dentist enrolled in a graduate training program (A) described in paragraph (1) of this subsection, and (B) in the case of a grant to a school, conducted in clinical facilities of such schools or with which such school has a written agreement of affiliation, or, in the case of a grant to a hospital, conducted in such hospital; except that if the total of the grants to be made under this subsection for any fiscal year to schools and hospitals with approved applications exceeds the amounts appropriated under subsection (a) for such grants, the amount of the grant for that fiscal year to each

such school or hospital shall be an amount which bears the same ratio to the amount determined for the school or hospital for that fiscal year under the preceding sentence as the total of the amounts appropriated under subsection (a) for that year bears to the amount required to make grants to each school in accordance with such sentence.

[(3) for purposes of paragraph (2), the Secretary shall—

[(A) in the case of a grant in the fiscal year ending June 30, 1973, count only the number of first-year physicians and dentists enrolled in graduate training programs described in paragraph (1), and

[(B) in the case of a grant in the fiscal year ending June 30, 1974, or in the next 2 fiscal years count only the number of first- and second-year physicians and dentists enrolled in graduate training programs described in paragraph (1).

[(c)(1) The Secretary may from time to time set dates (not earlier than the fiscal year preceding the year for which a grant is sought) by which applications for grants under subsection (b) for any fiscal year must be filed.

[(2) A grant under subsection (b) may be made only if the application therefor—

[(A) is approved by the Secretary upon his determination that the applicant meets the eligibility conditions set forth in paragraph (1) of such subsection;

[(B) contains a specific program or programs which such applicant has undertaken to encourage physicians and dentists to enroll in graduate training programs described in paragraph (1) of this subsection;

[(C) contains or is supported by assurances that such applicant will increase the number of graduate training positions open to physicians and dentists in such graduate training programs;

[(D) provides for such fiscal control and accounting procedures, and access to the records of the applicant, as the Secretary may require to assure proper disbursement of and accounting for any such grant;

[(E) contains a statement in such detail as the Secretary may determine necessary, describing the manner in which any grant made under subsection (b) will be applied to meet the educational costs of the graduate training program for which the grant is made, including any payments from a grant proposed to be made by an applicant which is a school to any clinical facility which participates in such training program under a written agreement of affiliation with the applicant and which shares in the payment of the educational costs of such program; and

[(F) contains such additional information as the Secretary may require to make the determinations required of him under this section, and such assurances as he may find necessary.

[(3) The Secretary—

[(A) shall not approve or disapprove any application for a grant under subsection (b) except after consultation with the National Advisory Council on Health Professions Education;

[(B) shall define in consultation with such Council, those health care fields included within the term "primary health care" and shall designate any other areas of health care in which there is a shortage of qualified physicians and dentists; and

[(C) shall, on an annual basis, establish guidelines specifying such absolute or percentage increases in the numbers of physicians or dentists receiving full-time graduate training which any applicant receiving a grant under subsection (b) as may be required to meet as a condition of such a grant.

[GRANTS FOR TRAINING, TRAINEESHIPS, AND FELLOWSHIPS FOR HEALTH PROFESSIONS TEACHING PERSONNEL

[SEC. 769. (a) There are authorized to be appropriated $10,000,000 for the fiscal year ending June 30, 1972, $15,000,000 for the fiscal year ending June 30, 1973, and $20,000,000 each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, for grants under this section.

[(b) The Secretary may make grants under this section to public and nonprofit private schools of medicine, dentistry, osteopathy, podiatry, optometry, pharmacy, and veterinary medicine (as such schools are defined in section 724) for training (at such schools or elsewhere), and traineeships and fellowships for the advanced training, of individuals to enable them to teach, or improve their teaching skills, in the medical, dental, osteopathic, podiatric, optometric, pharmaceutical, or veterinary medicine fields.

[(c) Not less than 75 per centum of any grant under this section to any school shall be used by the school for traineeships and fellowships.

[GRANTS FOR COMPUTER TECHNOLOGY HEALTH CARE DEMONSTRATION PROGRAMS

[SEC. 769A. There are authorized to be appropriated $5,000,000 for the fiscal year ending June 30, 1972, $10,000,000 for the fiscal year ending June 30, 1973, and $15,000,000 each for the fiscal years ending June 30, 1974, June 30, 1975, June 30, 1976, and September 30, 1977, for grants by the Secretary to public or nonprofit private schools, agencies, organizations, or institutions, and combinations thereof, to—

[(1) plan and develop free-standing or university-based computer laboratories which would establish computer-based systems, including compatible languages, standard terminologies, communication networks, and decisionmaking strategies, to enable the utilization of modern computer technologies by physicians and other health personnel in the provision of health services and in the processing of biomedical information relating to the provision of such services; and

[(2) research through computer technology the functions performed by physicians to determine which functions could be appropriately transferred and performed by other appropriately trained personnel.

[GENERAL PROVISIONS

[SEC. 769B. (a) No grant may be made under sections 767, 769, and 769A unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe.

[(b) Payments by recipients of grants under sections 767 and 769A for (1) traineeships shall be limited to such amounts as the Secretary finds necessary to cover the cost of tuition and fees of, and stipends and allowances (including travel and subsistence expenses and dependency allowances) for, the trainees; and (2) fellowships shall be limited to such amounts as the Secretary finds necessary to cover the cost of advanced study by, and stipends and allowances (including travel and subsistence expenses and dependency allowances) for, the fellows.

[(c) The amount of any grant under section 767, 769, or 769A shall be determined by the Secretary. Payments under such grants may be made in advance or by way of reimbursement, and at such intervals and on such conditions, as the Secretary finds necessary.]

[PART E—GRANTS TO IMPROVE THE QUALITY OF SCHOOLS OF MEDICINE, OSTEOPATHY, DENTISTRY, PUBLIC HEALTH, VETERINARY MEDICINE, OPTOMETRY, PHARMACY, AND PODIATRY]

PART E—GRANTS TO IMPROVE THE QUALITY OF SCHOOLS OF PUBLIC HEALTH

[CAPITATION GRANTS

[SEC. 770. (a) GRANT COMPUTATION.—The Secretary shall make annual grants to schools of medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, and podiatry for the support of the education programs of such schools. The amount of the annual grant to each such school with an approved application shall be computed for each fiscal year as follows:

[(1) Each school of medicine, osteopathy, and dentistry shall receive—

[(A) for the fiscal year ending September 30, 1978, $2,000 for each full-time student enrolled in such school in the school year beginning in such fiscal year,

[(B) for the fiscal year ending September 30, 1979, $2,050 for each full-time student enrolled in such school in the school year beginning in such fiscal year, and

[(C) for the fiscal year ending September 30, 1980, $2,100 for each full-time student enrolled in such school in the school year beginning in such fiscal year.

[(2)(A) Each school of public health shall receive for the fiscal year ending September 30, 1978, and for each of the next two fiscal years an amount equal to the product of—

[(i) $1,400, and

[(ii) the sum of (I) the number of full-time students enrolled in such school in the school year beginning in such fiscal year, and (II) the number of full-time equivalents of

part-time students, determined pursuant to subparagraph (B), for such school for such school year.

[(B) For purposes of subparagraph (A) the number of full-time equivalents of part-time students for a school of public health for any school year is a number equal to—

[(i) the total number of credit hours of instruction in such year for which part-time students of such school, who are pursuing a course of study leading to a graduate degree in public health or an equivalent degree, have enrolled, divided by

[(ii) the greater of (I) the number of credit hours of instruction which a full-time student of such school was required to take in such year, or (II) 9,

rounded to the next highest whole number.

[(3) For the fiscal year ending September 30, 1978, and for each of the next two fiscal years, each school of veterinary medicine shall receive $1,450 for each full-time student enrolled in such school in the school year beginning in such fiscal year.

[(4) For the fiscal year ending Septemer 30, 1978, and for each of the next two fiscal years, each school of optometry shall receive $765 for each full-time student enrolled in such school in the school year beginning in such fiscal year.

[(5) For the fiscal year ending September 30, 1978, and for each of the next two fiscal years, each school of pharmacy (other than a school of pharmacy with a course of study of more than four years) shall receive $695 for each full-time student enrolled in such school in the school year beginning in such fiscal year. Each school of pharmacy with a course of study of more than four years shall receive $695 for each full-time student enrolled in the last four years of such school. For purposes of section 771, a student enrolled in the first year of the last four years of such school shall be considered a first-year student.

[(6) For the fiscal year ending September 30, 1978, and for each of the next two fiscal years, each school of podiatry shall receive $965 for each full-time student enrolled in such school in the school year beginning in such fiscal year.

[(b) APPORTIONMENT OF APPROPRIATIONS.—Notwithstanding subsection (a), if the aggregate of the amounts of the grants to be made in accordance with such subsection for any fiscal year to schools of either medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry with approved applications exceeds the total of the amounts appropriated for such category of schools under the appropriate paragraph of subsection (e) for such grants, the amount of a school's grant with respect to which such excess exists shall for such fiscal year be an amount which bears the same ratio to the amount determined for the school under subsection (a) as the total of the amounts appropriated for that year under the appropriate paragraph of subsection (e) for grants to schools of the same category as such school bears to the amount required to make grants in accordance with subsection (a) to each of the schools of that category with approved applications.

[(c) ENROLLMENT DETERMINATIONS.—

[(1) For purposes of this section, regulations of the Secretary shall include provisions relating to the determination of the number of students enrolled in a school or in a particular year-class in a school on the basis of estimates, on the basis of the number of students who in an earlier year were enrolled in a school or in a particular year-class, or on such other basis as he deems appropriate for making such determination, and shall include methods of making such determination when a school or a year-class was not in existence in an earlier year at a school.

[(2) For purposes of this section, the term "full-time students" (whether such term is used by itself or in connection with a particular year-class) means students pursuing a full-time course of study leading to a degree of doctor of medicine, doctor of dentistry or an equivalent degree, doctor of osteopathy, bachelor or master of science in pharmacy or an equivalent degree, doctor of optometry or an equivalent degree, doctor of veterinary medicine or an equivalent degree, or doctor of podiatry or an equivalent degree, or to a graduate degree in public health or equivalent degree. In the case of a training program of a school designed to permit the students enrolled in such program to complete, with six years after completing secondary school, the requirements for degree of doctor of medicine, doctor of dentistry or an equivalent degree, or doctor of osteopathy, the term "full-time students" shall only include students enrolled on a full-time basis in the last four years of such program and for purposes of section 771, students enrolled in the first of the last four years of such programs shall be considered as first-year students.

[(d) APPLICATIONS FOR NEW SCHOOLS.—In the case of a new school of medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry, which applies for a grant under this section in the fiscal year preceding the fiscal year in which it will admit its first class, the enrollment for purposes of subsection (a) shall be the number of full-time students which the Secretary determines, on the basis of assurances provided by the school, will be enrolled in the school, in the fiscal year after the fiscal year in which the grant is made.

[(e) AUTHORIZATIONS OF APPROPRIATIONS.—

[(1) There are authorized to be appropriated $124,182,000 for the fiscal year ending September 30, 1978, $131,683,800 for the fiscal year ending September 30, 1979, and $139,400,100 for the fiscal year ending September 30, 1980, for payments under grants under this section to schools of medicine.

[(2) There are authorized to be appropriated $8,680,000 for the fiscal year ending September 30, 1978, $9,337,750 for the fiscal year ending September 30, 1979, and $10,159,800 for the fiscal year ending September 30, 1980, for payments under grants under this section for schools of osteopathy.

[(3) There are authorized to be appropriated $43,798,000 for the fiscal year ending September 30, 1978, $45,409,550 for the fiscal year ending September 30, 1979, and $46,909,800 for the

fiscal year ending September 30, 1980, for payments under grants under this section for schools of dentistry.

[(4) There are authorized to be appropriated $9,739,800 for the fiscal year ending September 30, 1978, $10,462,200 for the fiscal year ending September 30, 1979, $11,060,000 for the fiscal year ending September 30, 1980, $6,500,000 for the fiscal year ending September 30, 1982, $7,000,000 for the fiscal year ending September 30, 1983, and $7,500,000 for the fiscal year ending September 30, 1984, for payments under grants under this section to schools of public health.

[(5) There are authorized to be appropriated $10,219,600 for the fiscal year ending September 30, 1978, $10,548,750 for the fiscal year ending September 30, 1979, and $10,705,350 for the fiscal year ending September 30, 1980, for payments under grants under this section to schools of veterinary medicine.

[(6) There are authorized to be appropriated $3,204,585 for the fiscal year ending September 30, 1978, $3,272,670 for the fiscal year ending September 30, 1979, and $3,366,000 for the fiscal year ending September 30, 1980, for payments under grants under this section to schools of optometry.

[(7) There are authorized to be appropriated $16,989,970 for the fiscal year ending September 30, 1978, $17,110,205 for the fiscal year ending September 30, 1979, and $17,368,050 for the fiscal year ending September 30, 1980, for payments under grants under this section to schools of pharmacy.

[(8) There are authorized to be appropriated $2,267,750 for the fiscal year ending September 30, 1978, $2,270,645 for the fiscal year ending September 30, 1979, and $2,285,120 for the fiscal year ending September 30, 1980, for payments under grants under this section to schools of podiatry.]

CAPITATION GRANTS FOR SCHOOLS OF PUBLIC HEALTH

SEC. 770. (a)(1) The Secretary shall make annual grants to schools of public health for the support of the education programs of such schools. The amount of the annual grant to each such school with an approved application shall be computed for each fiscal year in accordance with paragraphs (2) and (3).

(2) Each school of public health shall receive for fiscal year 1986, and for each of the next two fiscal years, an amount equal to the product of—

(A) $1,400, and

(B) the sum of (i) the number of full-time students enrolled in degree programs in such school in the school year beginning in such fiscal year, and (ii) the number of full-time equivalents of part-time students enrolled in degree programs in such school, determined pursuant to paragraph (3), for such school for such school year.

(3) For purposes of paragraph (2), the number of full-time equivalents of part-time students for a school of public health for any school year is a number equal to—

(A) the total number of credit hours of instruction in such year for which part-time students of such school, who are pur-

suing a course of study leading to a graduate degree in public health or an equivalent degree, have enrolled, divided by

(B) the greater of (i) the number of credit hours of instruction which a full-time student of such school was required to take in such year, or (ii) 9,

rounded to the next highest whole number.

(b) Notwithstanding subsection (a), if the aggregate of the amounts of the grants to be made in accordance with such subsection for any fiscal year to schools of public health with approved applications exceeds the total of the amounts appropriated for such grants for such schools under subsection (e), the amount of a school's grant shall for such fiscal year be an amount which bears the same ratio to the amount determined for the school under subsection (a) as the total of the amounts appropriated for that year under subsection (e) for grants to schools of public health bears to the amount required to make grants in accordance with subsection (a) to each of the schools of public health with approved applications.

(c)(1) For purposes of this section, regulations of the Secretary shall include provisions relating to the determination of the number of students enrolled in a school or in a particular year-class in a school on the basis of estimates, on the basis of the number of students who in an earlier year were enrolled in a school or in a particular year-class, or on such other basis as the Secretary deems appropriate for making such determination, and shall include methods of making such determination when a school or a year-class was not in existence in an earlier year at a school.

(2) For purposes of this section, the term "full-time students" (whether such term is used by itself or in connection with a particular year-class) means students pursuing a full-time course of study leading to a graduate degree in public health or equivalent degree.

(d) In the case of a new school of public health which applies for a grant under this section in the fiscal year preceding the fiscal year in which it will admit its first class, the enrollment for purposes of subsection (a) shall be the number of full-time students which the Secretary determines, on the basis of assurances provided by the school, will be enrolled in the school, in the fiscal year after the fiscal year in which the grant is made.

(e) For payments under this section, there are authorized to be appropriated $5,000,000 for fiscal year 1986, $5,250,000 for fiscal year 1987, and $5,500,000 for fiscal year 1988.

[ELIGIBILITY FOR CAPITATION GRANTS

[SEC. 771. (a) IN GENERAL.—The Secretary shall not make a grant under section 770 to any school in a fiscal year beginning after September 30, 1977, unless the application for the grant contains, or is supported by, assurances satisfactory to the Secretary that—

[(1) the first-year enrollment of full-time students in the school in the school year beginning in the fiscal year in which the grant applied for is to be made will not be less than the first-year enrollment of such students in the school in the pre-

ceding school year or in the school year beginning in the fiscal year ending September 30, 1976, whichever is greater; and

[(2) the applicant will expend in carrying out its functions as a school of medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry, as the case may be, during the fiscal year for which such grant is sought, an amount of funds (other than funds for construction as determined by the Secretary) from non-Federal sources which is at least as great as the amount of funds expended by such applicant for such purpose (excluding expenditures of a nonrecurring nature) in the fiscal year preceding the fiscal year for which such grant is sought.

[(b)(1) MEDICAL SCHOOLS.—To be eligible for a grant under section 770 each school of medicine shall, in addition to the requirements of subsection (a), meet the applicable requirements of paragraphs (2) and (3).

[(2)(A)(i) Unless, as determined under subparagraph (B), the number of filled first year positions on July 15, 1977, in direct or affiliated medical residency training programs in primary care is at least 35 percent of the number of filled first year positions on that date in all direct or affiliated medical residency training programs, to be eligible for a grant under section 770 for the fiscal year ending September 30, 1978, a school of medicine shall have on July 15, 1978, at least 35 percent of its filled first year positions, as determined under subparagraphs (C) and (D), in its direct or affiliated medical residency training programs in first year positions in such programs in primary care.

[(ii) Unless, as determined under subparagraph (B), the number of filled first year positions on July 15, 1978, in direct or affiliated medical residency training programs in primary care is at least 40 percent of the number of filled first year positions on that date in all direct or affiliated medical residency training programs, to be eligible for a grant under section 770 for the fiscal year ending September 30, 1979, a school of medicine shall have on July 15, 1979, at least 40 percent of its filled first year positions, as determined under subparagraphs (C) and (D), in its direct or affiliated medical residency training programs in first year positions in such programs in primary care.

[(iii) Unless, as determined under subparagraph (B), the number of filled first year positions on July 15 of any year (beginning with 1979) in direct or affiliated medical residency training programs in primary care is at least 50 percent of the number of filled first year positions on that date in all direct or affiliated medical residency training programs, to be eligible for a grant under section 770 for the fiscal year ending September 30 of the following year, a school of medicine shall have on July 15 of the such following year at least 50 percent of its filled first year positions, as determined under subparagraphs (C) and (D), in its direct or affiliated medical residency training programs in first year positions in such programs in primary care.

[(B) The Secretary shall determine what percent of all the positions filled, as of July 15, 1977, and July 15 of each subsequent year, in all direct or affiliated medical residency training programs are filled positions in such programs in primary care. In determin-

ing the number of such positions in primary care on July 15, 1977, or on July 15 of a subsequent year, the Secretary shall deduct from such number a number equal to the number of individuals who were in a first year position in any direct or affiliated medical residency training program in primary care as of July 15 of the previous year and who on the date for which the determination is to be made were not in any direct or affiliated medical residency training program in primary care. Each determination under this subparagraph shall, not later than the first December 31 occurring after the date for which the determination is made, be published in the Federal Register and reported in writing to each school of medicine in the States and to the Committee on Interstate and Foreign Commerce of the House of Representatives and to the Committee on Labor and Public Welfare of the Senate.

[(C) In determining if a school of medicine meets an applicable requirement of clause (i), (ii), or (iii) of subparagraph (A) for a fiscal year, the number of filled first year positions in direct or affiliated medical residency training programs of such school in primary care on July 15 in such fiscal year shall be reduced by the number of individuals who were in a first year position in a direct or affiliated medical residency training program of such school in primary care on July 15 in the previous fiscal year and who on July 15 in the fiscal year to which the requirement applies were not in a direct or affiliated medical residency training program of any school in primary care. Each determination, with respect to a school, under this subparagrpah shall, not later than 45 days after the date on which the determination is made, be reported in writing to such school and to the Committee on Interstate and Foreign Commerce of the House of Representatives and to the Committee on Labor and Public Welfare of the Senate.

[(D) The requirement under subparagraph (A) that a school of medicine have a particular percent of its filled first-year positions in its direct or affiliated medical residency training programs in primary care on the date in order to be eligible for a grant under section 770 shall be waived by the Secretary if he determines that (i) such school has made a good faith effort to comply with such requirement, and (ii) such school has at least 98 percent of such percent of such positions in primary care on such date.

[(E) The Secretary shall not make any grant under section 770 to a school of medicine for any fiscal year if the Secretary, after providing notice and opportunity for a hearing, determines that such school—

[(i) terminated or failed to renew an affiliation with medical residency training program for the purpose of meeting the requirements of this paragraph, and

[(ii) after such a termination for failure to renew, provided support for such medical residency training program (including any interchange of medical residents, students, or faculty between the school and such program, the offering of any faculty position at such school to any individual on the staff of such entity who has any responsibility for such program, or the provision or receipt by such school of any funds for such program).

[(F) For purposes of this paragraph:

[(i) The term "direct or affiliated medical residency training program" means a medical residency training program with which a school of medicine is affiliated or has a similar arrangement (including any arrangement which provides for any interchange of medical residents, students, or faculty between the school and such program, the offering of any faculty position at such school to any individual on the staff of such entity who has any responsibility for such program, or the provision or receipt by such school of any funds for such program), as determined under regulations of the Secretary, or which is primarily conducted in facilities owned by a school of medicine.

[(ii) The term "primary care" means general internal medicine, family medicine, or general pediatrics.

[(iii) The term "medical residency training program" means a program which trains graduates of schools of medicine and schools of osteopathy in a medical specialty and which provides the graduate education required by the appropriate specialty board for certification in such specialty. Such term does not include a residency training program in an osteopathic hospital.

[(3)(A) Except as provided under subparagraph (D), a school of medicine may not receive a grant under section 770 to be made in the fiscal year ending September 30, 1978, unless its application for such grant contains or is supported by assurances satisfactory to the Secretary that such school will increase its enrollment of full-time, third-year students as prescribed by subparagraph (B).

[(B) The enrollment increase referred to in subparagraph (A) is an enrollment increase in a school of medicine—

[(i) which is to occur in school year 1978–1979,

[(ii) in the number of full-time, third-year students over the number of full-time, second-year students who successfully completed the second-year program of such school in the preceding school year and enrolled in the third-year class of such school, and

[(iii) which is not less than 5 per centum of the number of—

[(I) full-time, first-year students enrolled in such school in school year 1977–1978, or

[(II) full-time, third-year students enrolled in such school in school year 1977–1978,

whichever is less.

[(C) In determining the number of full-time, third-year students enrolled in a school in a school year in which an increase is required by subparagraph (B)(i)—

[(i) full-time, third-year students of such school who were not second-year students in such school and—

[(I) who are not citizens of the United States,

[(II) who were previously enrolled in a school of medicine to which the requirement of subparagraph (A) applies,

[(III) who were previously enrolled in a school of medicine to which the requirement of subparagraph (A) does not apply because of subparagraph (D) and for whom a position in the third-year class of such school was available in such school year,

[(IV) who first enrolled after October 12, 1976, in a school of medicine not in a State,

[(V) who were previously enrolled in a school of dentistry or a school of osteopathy, or

[(VI) who were previously enrolled in a school of medicine which is in a State and which is not accredited by the body or bodies approved for such purpose by the Commissioner of Education,

shall not be counted, and

[(ii) full-time, second-year students enrolled in such year who are citizens of the United States and who were first enrolled before October 12, 1976, in a school of medicine not in a State shall be counted as third-year students.

[(D) The Secretary may waive (in whole or in part) the requirement of subparagraph (A) for a school of medicine—

[(i) if the Secretary determines, after receiving the written recommendation of the appropriate accreditation body or bodies (approved for such purpose by the Commissioner of Education) that compliance by such school with such requirement will prevent it from maintaining its accreditation;

[(ii) upon a finding that, because of the inadequate size of the population served by the hospital or clinical facility in which such school conducts its clinical training, an increase in its enrollment of third-year students to meet such requirement will prevent it from providing high quality clinical training for each of its third-year students; or

[(iii) if the Secretary determines that such school has made a good faith effort to meet the requirement of subparagraph (A) but has been unable to meet such requirement solely because there is an insufficient number of students who, under this paragraph, are eligible to be counted in determining if the school has met such requirement.

The requirement of subparagraph (A) does not apply to the application of a school of medicine for a grant under section 770 if in school year 1977–1978 such school had an enrollment of full-time, first-year students which exceeded its enrollment in such school year of full-time, third-year students by at least 25 per centum.

[(E) A school of medicine which did not receive a grant under section 770 because it did not comply with the applicable requirements of this paragraph shall not be eligible to receive a grant under such section to be made in the fiscal year ending September 30, 1979, or in the next fiscal year.

[(c) SCHOOLS OF OSTEOPATHY.—(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of osteopathy shall, in addition to the requirements of subsection (a), submit to the Secretary and have approved by him before the grant applied for is made, a plan to train full-time students in ambulatory care settings, in the school year beginning in the fiscal year for which the grant is made and in each school year thereafter beginning in a fiscal year for which such a grant is made, either in areas geographically remote from the main site of the teaching facilities of the applicant (or any other school of osteopathy which has joined with the applicant in the submission of the plan) or in areas in which medically underserved populations reside.

[(2) More than one applicant may join in the submission of a plan described in paragraph (1). No plan may be approved by the Secretary unless—

[(A) the application for a grant under section 770 of each school which has joined in the submission of the plan contains or is supported by assurances satisfactory to the Secretary that all of the full-time students who will graduate from such school will upon graduation have received at least 6 weeks (at least 3 of which shall be consecutive) of clinical training in an area which is geographically remote from the main site of the training facilities of such school or in which medically underserved populations reside;

[(B) the plan contains a list of the areas where the training under such plan is to be conducted, a detailed description of the type and amount of training to be given in such areas, and provision for periodic review by experts in osteopathic education of the desirability of providing training in such areas and of the quality of training rendered in such areas;

[(C) the plan contains a specific program for the appointing, as members of the faculty of the school or schools submitting the plan, of practicing physicians to serve as instructors in the training program in such areas; and

[(D) the plan contains a plan for frequent counseling and consultation between the faculty of the school or schools at the main site of their training facilities and the instructors in the training program in such areas.

[(d) SCHOOLS OF DENTISTRY.—(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of dentistry shall, in addition to the requirements of subsection (a), meet the requirements of paragraph (2) and of paragraph (3) or (4).

[(2) In the case of a school of dentistry which in school year 1976–1977 had at least six filled, first-year positions in dental specialty programs in the school year beginning in the fiscal year ending September 30, 1978, and in each school year thereafter beginning in a fiscal year for which a grant under section 770 is applied for, at least 70 percent of such a school's filled first-year positions in dental specialty programs which are in excess of the number of filled first-year positions in its programs in the school year beginning in the fiscal year ending September 30, 1977, shall be first-year positions in dental specialty programs in general dentistry or periodontics.

[(3) A school of dentistry shall maintain an enrollment of full-time first-year students, for the school year beginning in the fiscal year ending September 30, 1978, and for each school year thereafter beginning in a fiscal year for which a grant under section 770 is applied for, which exceeds the number of full-time first-year students enrolled in such school in the school year beginning in the fiscal year ending September 30, 1976—

[(A) by 10 percent of such number if such number was not more than 100, or

[(B) by 5 percent of such number, or 10 students, whichever is greater, if such number was more than 100.

[(4)(A) A school of dentistry shall submit to the Secretary and have approved by him before the grant applied for is made, a plan to train full-time students in ambulatory care settings, in the school year beginning in the fiscal year for which the grant is made and in each school year thereafter beginning in a fiscal year for which such a grant is made, either in areas geographically remote from the main site of the teaching facilities of the applicant (or any other school of dentistry which has joint with the applicant in the submission of the plan) or in areas in which medically underserved populations reside.

[(B) More than one applicant may join in the submission of a plan described in subparagraph (A). No plan may be approved by the Secretary unless—

[(i) the application for a grant under section 770 of each school which has joined in the submission of the plan contains or is supported by assurances satisfactory to the Secretary that all of the full-time students who will graduate from such school will upon graduation have received at least 6 weeks (in the aggregate) of clinical training in an area which is geographically remote from the main site of the training facilities of such school or in which medically underserved populations reside;

[(ii) the plan contains a list of the areas where the training under such plan is to be conducted, a detailed description of the type and amount of training to be given in such areas, and provision for periodic review by experts in dental education of the desirability of providing training in such areas and of the quality of training rendered in such areas;

[(iii) the plan contains a specific program for the appointing, as members of the faculty of the school or schools submitting the plan, of practicing dentists to serve as instructors in the training program in such areas; and

[(iv) the plan contains a plan for frequent counseling and consultation between the faculty of the school or schools at the main site of their training facilities and the instructors in the training program in such areas.

[(5) The Secretary may—

[(A) in the case of a school of dentistry which increased its enrollment of full-time first-year students in accordance with paragraph (3), waive (in whole or in part and under such conditions as the Secretary may prescribe) application of the requirement of subsection (a)(1) that it maintain its increased enrollment of such students, and

[(B) in the case of any school of dentistry, waive (in whole or in part) application of the requirement of any paragraph of this subsection.

if the Secretary determines after receiving the written recommendation of the appropriate accreditation body or bodies (approved for such purpose by the Commissioner of Education) that compliance by such school with such requirement will prevent it from maintaining its accreditation.

[(e) SCHOOLS OF PUBLIC HEALTH.—(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of public health shall maintain an enrollment of full-

time, first-year students, for the school year beginning in the fiscal year ending September 30, 1978, and for each school year thereafter beginning in a fiscal year for which a grant under section 770 is applied for, which exceeds the number of full-time, first-year students enrolled in such school in the school year beginning in the fiscal year ending September 30, 1976—

[(A) by 5 percent of such number if such number was not more than 100, or

[(B) by 2.5 percent of such number, or 5 students, whichever is greater, if such number was more than 100.

[(2) The Secretary may waive (in whole or in part) application to a school of public health of the requirement of paragraph (1) if the Secretary determines, after receiving the written recommendation of the appropriate accreditation body or bodies (approved for such purpose by the Commissioner of Education) that compliance by such school with such requirement will prevent it from maintaining its accreditation. The requirements of subsection (a)(1) shall not apply to schools of public health.

[(f) SCHOOLS OF VETERINARY MEDICINE.—(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of veterinary medicine shall, in addition to the requirements of subsection (a), meet the requirements of paragraph (2) and paragraph (3) or (4).

[(2) An application of a school of veterinary medicine for a grant under section 770 shall contain or be supported by assurances satisfactory to the Secretary that the clinical training of the school shall emphasize predominantly care to food-producing animals or to fibre-producing animals, or to both types of animals.

[(3) A school of veterinary medicine shall maintain an enrollment of full-time, first-year students, for the school year beginning in the fiscal year ending September 30, 1978, and for each school year thereafter beginning in a fiscal year for which a grant under section 770 is applied for, which exceeds the number of full-time, first-year students enrolled in such school in the school year beginning in the fiscal year ending September 30, 1976—

[(A) by 5 percent of such number if such number was not more than 100, or

[(B) by 2.5 percent of such number, or 5 students, whichever is greater, if such number was more than 100.

[(4) An application of a school of veterinary medicine shall contain or be supported by assurances satisfactory to the Secretary that for the school year beginning in the fiscal year for which a grant is made under section 770 at least 30 percent of the enrollment of full-time, first-year students in such school will be comprised of students who are residents of States in which there are no accredited schools of veterinary medicine.

[(g) SCHOOLS OF OPTOMETRY.—(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of optometry shall, in addition to the requirements of subsection (a), meet the requirement of paragraph (2) or (3).

[(2) A school of optometry shall maintain an enrollment of full-time, first-year students, for the school year beginning in the fiscal year ending September 30, 1978, and for each school year thereafter beginning in a fiscal year for which a grant under section 770 is

applied for, which exceeds the number of full-time, first-year students enrolled in such school in the school year beginning in the fiscal year ending September 30, 1976—

[(A) by 5 percent of such number if such number was not more than 100, or

[(B) by 2.5 percent of such number, or 5 students, whichever is greater, if such number was more than 100.

[(3) An application of a school of optometry shall contain or be supported by assurances satisfactory to the Secretary that for the school year beginning in the fiscal year for which a grant is made under section 770 at least 25 percent (or 50 percent if the applicant is a nonprofit private school of optometry) of the first-year enrollment of full-time students in such school will be comprised of students who are residents of States in which there are no accredited schools of optometry.

[(h) SCHOOLS OF PODIATRY.—(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of podiatry shall, in addition to the requirements of subsection (a), meet the requirements of paragraph (2) or (3).

[(2) A school of podiatry shall maintain an enrollment of full-time, first-year students, for the school year beginning in the fiscal year ending September 30, 1978, and for each school year therafter beginning in a fiscal year for which a grant under section 770 is applied for, which exceeds the number of full-time, first-year students enrolled in such school in the school year beginning in the fiscal year ending September 30, 1976—

[(A) by 5 percent of such number if such number was not more than 100, or

[(B) by 2.5 percent of such number, or 5 students, whichever is greater, if such number was more than 100.

[(3) An application of a school of podiatry shall contain or be supported by assurances satisfactory to the Secretary that for the school year beginning in the fiscal year for which a grant is made under section 770, at least 40 percent of the enrollment of full-time, first-year students in such school will be comprised of students who are residents of States in which there are no accredited schools of podiatry.

[(i) SCHOOLS OF PHARMACY.—To eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of pharmacy's application for such a grant shall, in addition to the assurances required by subsection (a), contain or be supported by assurances that each student who is enrolled in the school will before graduation undergo a training program in clinical pharmacy, which shall include (1) an inpatient and outpatient clerkship experience in a hospital, extended care facility, or other clinical setting; (2) interaction with physicians and other health professionals; (3) training in the counseling of patients with regard to the appropriate use of and reactions to drugs; and (4) training in drug information retrieval and analysis in the context of actual patient problems.]

ELIGIBILITY FOR CAPITATION GRANTS

SEC. 771. (a)(1) The Secretary shall not make a grant under section 770 to any school of public health in a fiscal year beginning after September 30, 1985, unless the application for the grant contains, or is supported by, assurances satisfactory to the Secretary that—

(A) the enrollment of full-time equivalent students enrolled in degree programs in the school in the school year beginning in the fiscal year in which the grant applied for is to be made will not be less than the enrollment of such students in degree programs in the school in the school year beginning in fiscal year 1983; and

(B) the applicant will expend in carrying out its functions as a school of public health during the fiscal year for which such grant is sought, an amount of funds (other than funds for construction as determined by the Secretary) from non-Federal sources which is at least as great as the amount of funds expended by such applicant for such purpose (excluding expenditures of a nonrecurring nature) in the fiscal year preceding the fiscal year for which such grant is sought.

(2) For purposes of subsection (a)(1)(A), the number of full-time equivalent students enrolled in a degree program in a school, in a school year, is equal to the sum calculated under section 770(a)(2)(B) for that school year.

(b) The Secretary may waive (in whole or in part) application to a school of public health of the requirement of subsection (a)(1)(A) if the Secretary determines, after receiving the written recommendation of the appropriate accreditation body or bodies (approved for such purpose by the Commissioner of Education) that compliance by such school with such requirement will prevent it from maintaining its accreditation.

[APPLICATIONS FOR CAPITATION, START-UP, SPECIAL PROJECT, AND FINANCIAL DISTRESS GRANTS]

APPLICATIONS FOR CAPITATION GRANTS

SEC. 772. (a) The Secretary may from time to time set dates (not earlier than in the fiscal year preceding the year for which a grant is sought) by which applications for grants under section 770 for any fiscal year must be filed.

(b) To be eligible for a grant under section 770 **[**or subsection (a) of (b) of section 788,**]** the applicant must (1) be a public or other nonprofit school **[**of medicine, osteopathy, dentistry, public health veterinary medicine, optometry, pharmacy, or podiatry, *public health*, and (2) be accredited by a recognized body or bodies approved for such purpose by the **[**Commissioner**]** *Secretary* of Education, except that the requirements of this clause shall be deemed to be satisfied if (A) in the case of a school which by reason of no, or an insufficient, period of operation is not, at the time of application for a grant under this part, eligible for such accreditation, the **[**Commissioner**]** *Secretary of Education* finds, after consultation with the appropriate accreditation body or bodies, that there is reasonable assurance that the school will met the accreditation stand-

ards of such body or bodies prior to the beginning of the academic year following the normal graduation date of students who are in their first year of instruction at such school during the fiscal year in which the Secretary *of Health and Human Services* makes a final determination as to approval of the application, or (B) in the case of any other school, the [Commissioner] *Secretary of Education* finds after such consultation and after consultation with the Secretary *of Health and Human Services* that there is reasonable ground to expect that, with the aid of a grant (or grants) under those sections, having regard for the purposes of the grant for which application is made, such school will meet such accreditation standards within a reasonable time.

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PART F—GRANTS AND CONTRACTS FOR PROGRAMS AND PROJECTS

PROJECT GRANTS FOR ESTABLISHMENTS OF DEPARTMENT OF FAMILY MEDICINE

SEC. 780. (a) * * *

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(c) In making grants under subsection (a), the Secretary shall give priority to applicants that demonstrate to the satisfaction of the Secretary a commitment to family medicine in their medical education training programs.

[(c)] *(d)* There are authorized to be appropriated $10,000,000 for the fiscal year ending September 30, 1978, $15,000,000 for the fiscal year ending September 30, 1979, $20,000,000 for the fiscal year ending September 30, 1980, $10,000,000 for the fiscal year ending September 30, 1982, $10,500,000 for the fiscal year ending September 30, 1983, [and] $11,000,000 for the fiscal year ending September 30, 1984, *$7,500,000 for the fiscal year ending September 30, 1986, $7,900,000 for the fiscal year ending September 30, 1987, and $8,300,000 for the fiscal year ending September 30, 1988,* for payments under grants under subsection (a).

AREA HEALTH EDUCATION CENTERS

SEC. 781. (a)(1) The Secretary shall enter into contracts with schools of medicine and osteopathy for the planning, development, and operation of area health education center programs.

[(2) The Secretary shall enter into contracts with schools of medicine and osteopathy, which have previously received Federal financial assistance for an area health education center program under section 802 of the Health Professionals Educational Assistance Act of 1976 in fiscal year 1979, or under this section to carry out—]

(2)(A) The Secretary shall enter into contracts with schools of medicine and osteopathy—

(i) which have previously received Federal financial assistance for an area health education center program under section 802 of the Health Professionals Educational Assistance Act of 1976 in fiscal year 1979 or under paragraph (1), or

(ii) which are receiving assistance under paragraph (1),

to carry out projects described in subparagraph (B) through area health education centers for which Federal financial assistance was provided under paragraph (1) and which are no longer eligible to receive such assistance.

(B) Projects for which assistance may be provided under subparagraph (A) are—

[(A)] *(i)* projects to improve the distribution, supply, quality, utilization, and efficiency of health personnel in the health services delivery system;

[(B)] *(ii)* projects to encourage the regionalization of educational responsibilities of the health professions schools; and

[(C)] *(iii)* projects designed to prepare, through preceptorships and other programs, individuals subject to a service obligation under the National Health Service Corps scholarship program to effectively provide health services in health manpower shortage areas.

* * * * * * *

(d)(1) Each area health education center shall specifically designate a geographic area in which it will serve, or shall specifically designate a medically underserved population it will serve (such area or population with respect to such center in this section referred to as "the area served by the center"), which area or population is in a location remote from the main site of the teaching facilities of the school or schools which participate in the program with such center.

(2) Each area health education center shall—

(A) * * *

* * * * * * *

[(F) encourage the utilization of nurse practitioners and physician assistants within the area served by the center and the recruitment of individuals for training in such professions at the participating medical or osteopathic schools;]

(F) conduct interdisciplinary training and practice involving physicians and other health personnel including, where practicable, physician assistants and nurse practitioners;

* * * * * * *

(g) There are authorized to be appropriated to carry out the provisions of this section $20,000,000 for the fiscal year ending September 30, 1978, $30,000,000 for the fiscal year ending September 30, 1979, $40,000,000 for the fiscal year ending September 30, 1980, $21,000,000 for the fiscal year ending September 30, 1982, $22,500,000 for the fiscal year ending September 30, 1983, [and] $24,000,000 for the fiscal year ending September 30, 1984, *$18,000,000 for the fiscal year ending September 30, 1986, $18,900,000 for the fiscal year ending September 30, 1987, and $19,800,000 for the fiscal year ending September 30, 1988.* The Secretary [may] *shall* obligate not more than 10 percent of the amount appropriated under this subsection for any fiscal year for contracts under subsection (a)(2).

[EDUCATION OF RETURNING UNITED STATES STUDENTS FROM FOREIGN MEDICAL SCHOOLS

[SEC. 782. (a) The Secretary may make grants to schools of medicine and osteopathy in the States to plan, develop, and operate programs—

[(1) to train United States citizens who were students in medical schools in foreign countries before the date of enactment of the Health Professions Educational Assistance Act of 1976 to enable them to meet the requirements for enrolling in schools of medicine or osteopathy in the States as full-time students with advanced standing; or

[(2) to train United States citizens who have transferred from medical schools in foreign countries in which they were enrolled before the date of enactment of the Health Professions Educational Assistance Act of 1976, and who enrolled in schools of medicine or osteopathy in the States as full-time students with advanced standing.

The costs for which a grant under this subsection may be made may include the costs of identifying deficiencies in the medical school education of the United States citizens who were students in foreign medical schools, the development of materials and methodology for correcting such deficiencies, and specialized training designed to prepare such United States citizens for enrollment in schools of medicine or osteopathy in the States as full-time students with advanced standing.

[(b) More than one school of medicine or osteopathy may join in the submission of an application for a grant under subsection (a).

[(c) Any school of medicine or osteopathy which receives a grant under this subsection in the fiscal year ending September 30, 1978, shall submit to the Secretary before June 30, 1979, a report on the deficiencies (if any) identified by the school in the foreign medical education of the students trained by such school under the program for which such grant was made. The Secretary shall compile the reports submitted under the preceding sentence, and before March 1, 1980, submit to the Congress his analysis and evaluation of the information contained in such reports.

[(d) There are authorized to be appropriated for the purposes of this section $2,000,000 for the fiscal year ending September 30, 1977, $2,000,000 for the fiscal year ending September 30, 1978, $3,000,000 for the fiscal year ending September 30, 1979, and $4,000,000 for the fiscal year ending September 30, 1980.]

PROGRAMS FOR PHYSICIAN ASSISTANTS

SEC. 783. (a) * * *

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(d) For payments under grants and contracts under this section, there is authorized to be appropriated $25,000,000 for the fiscal year ending September 30, 1978, $30,000,000 for the fiscal year ending September 30, 1979, $35,000,000 for the fiscal year ending September 30, 1980, $5,000,000 for the fiscal year ending September 30, 1982, $5,500,000 for the fiscal year ending September 30, 1983, [and] $6,000,000 for the fiscal year ending September 30, 1984,

$4,800,000 for the fiscal year ending September 30, 1986, $5,000,000 for the fiscal year ending September 30, 1987, and $5,250,000 for fiscal year ending September 30, 1988.

GRANTS FOR TRAINING, TRAINEESHIPS, AND FELLOWSHIPS IN GENERAL INTERNAL MEDICINE AND GENERAL PEDIATRICS

SEC. 784. (a) * * *

(b) In making grants and entering into contracts under subsection (a), the Secretary shall give priority to applicants that demonstrate to the satisfaction of the Secretary a commitment to general internal medicine and general pediatrics in their medical education training programs.

[(b)] *(c)* There are authorized to be appropriated to carry out the provisions of this section $10,000,000 for the fiscal year ending September 30, 1977, $15,000,000 for the fiscal year ending September 30, 1978, $20,000,000 for the fiscal year ending September 30, 1979, $25,000,000 for the fiscal year ending September 30, 1980, $17,000,000 for the fiscal year ending September 30, 1982, $18,000,000 for the fiscal year ending September 30, 1983, [and] $20,000,000 for the fiscal year ending September 30, 1984, *$19,800,000 for the fiscal year ending September 30, 1986, $20,600,000 for the fiscal year ending September 30, 1987, and $24,000,000 for the fiscal year ending September 30, 1988.*

[OCCUPATIONAL HEALTH TRAINING AND EDUCATION CENTERS

[SEC. 785. (a)(1) The Secretary shall, by grants, assist public or private nonprofit colleges or universities to establish, operate, and administer occupational health training and education centers through cooperative arrangements between schools of medicine and schools of public health (or other qualified departments or schools within such colleges or universities which are qualified to participate in carrying out activities set forth in this section).

[(2) To be eligible for a grant under this section, the applicant must demonstrate to the Secretary that it has or will have available full-time faculty members with training and experience in the field of occupational health and support from other faculty members trained in the occupational health sciences and other relevant disciplines and medical and public health specialties and that it will substantially carry out occupational health training and education activities including, but not limited to—

[(A) the establishment and operation of a new graduate training program or, where appropriate, the substantial expansion of an existing graduate training program in the field of occupational health;

[(B) the development of curricula and operation of continuing education for physicians, nurses, industrial hygienists, and other professionals who practice full- or part-time in the field of occupational health in order to upgrade their proficiency in delivering such services;

[(C) the establishment and operation of projects designed to increase admissions to and enrollment in occupational health programs of individuals who by virtue of their background and

interests are likely to engage in the delivery of occupational health services;

[(D) the establishment of traineeships for industrial hygiene students;

[(E) the establishment and operation of medical residencies in the field of occupational health at a level of financial support comparable to that provided to individuals undergoing training in medical residencies in other medical specialties;

[(F) the establishment and operation of traineeships in the field of occupational health for medical students, residents, nursing students, nurses, physicians, sanitarians and students and professionals in related fields;

[(G) the establishment and operation of short-term traineeships for continuing education in the field of occupational health for health professionals dealing with problems of occupational health; and

[(H) the appointment of full-time staff for the center, who have training, experience and demonstrated capacity for leadership in the field of occupational health.

[(b) To the extent feasible, the Secretary shall approve, at least 10 such centers and at least one of which shall be located in each region of the Department.

[(c) For the purpose of making grants to carry out this section, there are authorized to be appropriated $5,000,000 for the fiscal year ending September 30, 1977, $5,000,000 for the fiscal year ending September 30, 1978, $8,000,000 for the fiscal year ending September 30, 1979, and $10,000,000 for the fiscal year ending September 30, 1980.]

FAMILY MEDICINE AND GENERAL PRACTICE OF DENTISTRY

SEC. 786. (a) * * *

(b) The Secretary may make grants to any public or nonprofit private school of dentistry or accredited postgraduate dental training institution—

(1) to plan, develop, and operate an approved residency program in the general practice of dentistry *or an approved advanced educational program in the general proctice of dentistry*; and

(2) to provide financial assistance (in the form of traineeships and fellowships) to [residents] *participants* in such a program who are in need of financial assistance and who plan to specialize in the practice of general dentistry.

(c) In making grants under subsection (a), the Secretary shall give priority to applicants that demonstrate to the satisfaction of the Secretary a commitment to family medicine in their medical education training programs.

[(c)] *(d)* There are authorized to be appropriated to make grants under this section $45,000,000 for the fiscal year ending September 30, 1978, $45,000,000 for the fiscal year ending September 30, 1979, $50,000,000 for the fiscal year ending September 30, 1980, $32,000,000 for the fiscal year ending September 30, 1982, $34,000,000 for the fiscal year ending September 30, 1983, [and] $36,000,000 for the fiscal year ending September 30, 1984,

$37,100,000 for the fiscal year ending September 30, 1986, $38,800,000 for the fiscal year ending September 30, 1987, and $43,000,000 for the fiscal year ending September 30, 1988. In making grants and entering into contracts under this section with amounts appropriated under this subsection for the fiscal years ending September 30, 1982, September 30, 1983, [and] September 30, 1984, *September 30, 1986, September 30, 1987, and September 30, 1988,* the Secretary shall give priority to grants and contracts for residency or internship programs under paragraphs (1) and (2) of subsection (a), *and shall obligate not less than 7.5 percent of such amounts in each fiscal year for grants under subsection (b).*

EDUCATIONAL ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED BACKGROUNDS

SEC. 787. (a)(1) For the purpose of assisting individuals from disadvantaged backgrounds, as determined in accordance with criteria prescribed by the Secretary, to undertake education to enter a health profession, the Secretary may make grants to and enter into contracts with schools of medicine, osteopathy, public health, dentistry, veterinary medicine, optometry, pharmacy, allied health, *chiropractic,* and podiatry, *public and nonprofit private schools which offer graduate programs in clinical psychology,* and other public or private nonprofit health or educational entities to assist in meeting the costs described in paragraph (2).

(2) A grant or contract under paragraph (1) may be used by the health or educational entity to meet the cost of—

(A) identifying, recruiting, and selecting individuals from disadvantaged backgrounds, as so determined, for education and training in a health profession,

(B) facilitating the entry of such individuals into such a school,

(C) providing counseling or other services designed to assist such individuals to complete successfully their education at such a school,

(D) providing, for a period prior to the entry of such individuals into the regular course of education of such a school, preliminary education designed to assist them to complete successfully such regular course of education at such a school, or referring such individuals to institutions providing such preliminary education, and

(E) publicizing existing sources of financial aid available to students in the education program of such a school or who are undertaking training necessary to qualify them to enroll in such a program.

The term "regular course of education of such a school" as used in subparagraph (D) includes a graduate program in clinical psychology.

(b) There are authorized to be appropriated for grants and contracts under subsection (a)(1), $20,000,000 for the fiscal year ending September 30, 1982, $21,500,000 for the fiscal year ending September 30, 1983, [and] $23,000,000 for the fiscal year ending September 30, 1984, *$24,000,000 for the fiscal year ending September 30, 1986, $25,200,000 for the fiscal year ending September 30, 1987, and*

$26,500,000 for the fiscal year ending September 30, 1988. Not less than 80 percent of the funds appropriated in any fiscal year shall be obligated for grants or contracts to institutions of higher education and not more that 5 percent of such funds may be obligated for grants and contracts having the primary purpose of informing individuals about the existence and general nature of health careers.

[PROJECT GRANT AUTHORITY FOR START-UP ASSISTANCE, FINANCIAL DISTRESS INTERDISCIPLINARY TRAINING, AND CURRICULUM DEVELOPMENT]

TWO-YEAR SCHOOLS OF MEDICINE, INTERDISCIPLINARY TRAINING, AND CURRICULUM DEVELOPMENT

SEC. 788. [(a)(1) The Secretary may make grants to schools which provide the first two years of education leading to the degree of doctor of medicine to assist the schools in accelerating the date they will become schools of medicine.]

(a)(1) The Secretary may make grants to maintain and improve schools which provide the first or last two years of education leading to the degree of doctor of medicine or osteopathy. Grants provided under this paragraph to schools which were in existence on September 30, 1984, may be used for construction and the purchase of equipment.

[(2) The amount of a grant under paragraph (1) to a school shall be equal to the product of $25,000 and the number of full-time, third-year students which the Secretary estimates will enroll in the school in the school year beginning in the fiscal year in which such grant is made. Estimates by the Secretary under this paragraph of the number of full-time, third-year students to be enrolled in the school may be made on assurances provided by the school.]

[(3)] *(2)* To be eligible to apply for a grant under paragraph (1), the applicant must be a public or nonprofit school providing the first *or last* two years of education leading to the degree of doctor of medicine *or osteopathy* and be accredited by *or be operated jointly with a school that is accredited by* a recognized body or bodies approved for such purpose by the Secretary of Education.

[(b) The Secretary may make grants to and enter into contracts with any health profession, allied health profession, or nurse training institution, or any other public or nonprofit private entity for health manpower projects and programs such as—

[(1) speech pathology, audiology, bioanalysis, and medical technology;

[(2) establishing humanism in health care centers;

[(3) biomedical combined educational programs;

[(4) cooperative human behavior and psychiatry in medical and dental education and practice;

[(5) bilingual health clinical training centers;

[(6) curriculum development in schools of dentistry, optometry, pharmacy and podiatry;

[(7) social work in health care;

[(8) health manpower development;

[(9) environmental health education and preventive medicine;

[(10) the special medical problems related to women;

[(11) the development or expansion of regional health professions schools;

[(12) training of citizens of the United States from foreign health professions schools to enable them to enroll in residency programs in the States;

[(13) psychology training programs;

[(14) ethical implications of biomedical research;

[(15) establishment of dietetic residencies;

[(16) regional systems of continuing education;

[(17) computer technology;

[(18) training of professional standards review organization staff;

[(19) training of health professionals in human nutrition and its application to health;

[(20) health manpower development for the Trust Territories and incorporated Trust Territories of the United States;

[(21) training in the diagnosis, treatment, and prevention of the diseases and related medical and behavorial problems of the aged;

[(22) training of health professionals in the diagnosis, treatment, and prevention of diabetes and other severe chronic diseases and their complications;

[(23) dental education, the training of expanded function dental auxiliaries, and dental team practice; and

[(24) training of allied health personnel.]

(b)(1) The Secretary may make grants to and enter into contracts with any health profession, allied health profession, or nurse training institution, or any other public or nonprofit private entity for projects in areas such as—

(A) health promotion and disease prevention;

(B) curriculum development and training in health policy and policy analysis, including curriculum development and training in areas such as—

(i) the organization, delivery, and financing of health care;

(ii) the determinants of health and the role of medicine in health; and

(iii) the promotion of economy in health professions teaching, health care practice, and health care systems management;

(C) curriculum development in clinical nutrition;

(D) the development of initiatives for assuring the competence of health professionals; and

(E) curriculum and program development and training in applying the social and behaviorial sciences to the study of health and health care delivery issues.

(2)(A) Of the amounts available for grants and contracts under this subsection from amounts appropriated under subsection (g)(1), at least 75 percent shall be obligated for grants to and contracts with health professions institutions, allied health institutions, and nurse training institutions.

(B) Any application for a grant or contract to institutions described in subparagraph (A) shall be subject to appropriate peer review by peer review groups composed principally of non-Federal experts.

(C) The Secretary may not approve an application for a grant or contract to an institution described in subparagraph (A) unless the Secretary has received recommendations with respect to such application from the appropriate peer review group required under subparagraph (B) and from the National Advisory Council on Health Professions Education.

(3) Of the amounts available for grants and contracts under this subsection from amounts appropriated under subsection (g)(1), not more than 25 percent shall be obligated for grants to and contracts with public and nonprofit entites which are not health professions institutions, allied health institutions, or nurse training institutions.

* * * * * * *

(d)*(1)* The Secretary may make grants to and enter into contracts [with schools of medicine or osteopathy or other appropriate pulbic or nonprofit private entities to assist in meeting the costs of such schools or entities] *with accredited health professions schools referred to in section 701(4) or 701(10) to assist in meeting the costs of such schools* of providing projects to—

[(1) plan, develop, and establish courses, or expand or strengthen instruction in geriatric medicine; and]

(A) improve the training of health professionals in geriatrics, develop and disseminate curriculum relating to the treatment of the health problems of the elderly, expand and strengthen instruction in such treatment, support the training and retraining of faculty to provide such instruction, and support continuing education of health professionals in such treatment; and

[(2)] *(B)* establish new affiliations with nursing homes, chronic and acute disease hospitals, ambulatory care centers, and senior centers in order to provide students with clinical traning in geriatric medicine.

(2)(A) Any application for a grant or contract under this subsection shall be subject to appropriate peer review by peer review groups composed principally of non-Federal experts.

(B) The Secretary may not approve an application for a grant or contract under this subsection unless the Secretary has received recommendations with respect to such application from the appropriate peer review group required under subparagraph (A) and from the National Advisory Council on Health Professions Education.

* * * * * * *

(f) The Secretary may make grants to schools of veterinary medicine for (1) the development of curriculum for training in the care of animals used in research, the treatment of animals while being used in research, and the development of alternatives to the use of animals in research, (2) the provision of such training, and (3) large animal care and research.

[(f)] *(g)(1)* For purposes of [this section,] *subsections (a), (b), (c), (e), and (f),* there are authorized to be appropriated $6,000,000 for

the fiscal year ending September 30, 1982; $6,500,000 for the fiscal year ending September 30, 1983; [and] $7,000,000 for the fiscal year ending September 30, 1984; *$3,000,000 for the fiscal year ending September 30, 1986; $3,200,000 for the fiscal year ending September 30, 1987; and $3,300,000 for the fiscal year ending September 30, 1988.*

(2) For purposes of subsection (d), there are authorized to be appropriated $2,000,000 for the fiscal year ending September 30, 1986; $3,000,000 for the fiscal year ending September 30, 1987; and $3,000,000 for the fiscal year ending September 30, 1988.

[FINANCIAL DISTRESS GRANTS

[SEC. 788A. (a) The Secretary may make grants to, and enter into contracts with, a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, podiatry, or public health that is in serious financial distress for the purposes of assisting such school to—

[(1)(A) meet the costs of operation if such school's financial status threatens its continued operation; or

[(B) meet applicable accreditation requirements if such school has a special need to be assisted in meeting such requirements; and

[(2) carry out appropriate operational, managerial, and financial reforms.

[(b) Any grant or contract under this section may be made upon such terms and conditions as the Secretary determines to be reasonable and necessary, including requirements that the school agree to—

[(1) disclose any financial information or data necessary to determine the sources or causes of such school's financial distress;

[(2) conduct a comprehensive cost analysis study in cooperation with the Secretary; and

[(3) carry out appropriate operational, managerial, and financial reforms including the securing of increased financial support from non-Federal sources.

[(c) No school may receive a grant under this section if such school has previously received support for three or more years under this section or under section 788(b) (such section was in effect prior to October 1, 1981).]

ADVANCED FINANCIAL DISTRESS ASSISTANCE

SEC. 788B. (a) The Secretary may enter into a multiyear contract with a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, or pharmacy to provide financial assistance to such school to meet incurred or prospective costs of operation if the Secretary determines that payment of such costs is essential to remove the school from serious and long-standing financial instability. To be eligible for a contract under this section, a school must have previously received financial support under section 788A *(as such section was in effect before October 1, 1985)* or under section 788(b) (as such section was in effect prior to October 1, 1981) for a period or not less than three years.

(b) No school may enter into a contract under this section unless—

(1) the school has submitted to the Secretary a plan providing for the school to achieve financial solvency with [five] *six* years and has agreed to carry out such plan;

* * * * * * *

(f) No school may receive support under this section for more than [five] *six* years. [No contract may be entered into under this section, or continued, in a fiscal year in which the school receives support under section 788A.]

* * * * * * *

(h) For the purpose of entering into contracts to carry out this section [and section 788A,] there are authorized to be appropriated $10,000,000 for the fiscal year ending September 30, 1982, and each of the succeeding two fiscal years, *$4,200,000 for the fiscal year ending September 30, 1986, and $3,800,000 for the fiscal year ending September 30, 1987.* [Of the amounts appropriated under the preceding sentence, not more than $2,000,000 shall be available under section 788A.] Funds provided under this section shall remain available until expended without regard to any fiscal year limitation.

[TRAINING IN EMERGENCY MEDICAL SERVICES

[Sec. 789. (a)(1) The Secretary may make grants to and enter into contracts with hospitals having training programs which meet requirements established by the Secretary, schools of medicine, dentistry, osteopathy, and nursing training centers for allied health professions, other appropriate educational entities, and other appropriate public entities (as defined in paragraph (2)) to assist in meeting the cost of training programs in the techniques and methods of providing emergency medical services (including the skills required in connection with the provison of ambulance service), to assist in meeting the cost of training (including the cost of establishing programs for the training) of physicians in emergency medicine, especially training which affords clinical experience in providing medical services (including the skills required in connection with the provision of ambulance service), to assist in meeting the cost of training (including the cost of establishing programs for the training) of physicians in emergency medicine, especially training which affords clinical experience in providing medical services in emergency medical services systems receiving assistance under title XII of this Act, and to provide financial assistance (in the form of traineeships and fellowships) to residents who plan to specialize or work in the practice of emergency medicine.

[(2) For the purpose of paragraph (1), the term "other appropriate public entity" means a State, unit of general local government, or any other public entity which—

[(A) has established any emergency medical services system (as defined in section 1201(1)), and

[(B) except with respect to the basic training of emergency medical technicians, has entered into an agreement with an

appropriate educational entity for a training program under this section.

[(b) No grant or contract may be made or entered into under this section unless (1) the applicant is a public or nonprofit private entity, and (2) an application therefore has been submitted to, and approved by, the Secretary. Such application shall be in such form, submitted in such manner and contain such information, as the Secretary shall by regulation prescribe.

[(c) The amount of any grant or contract under this section shall be determined by the Secretary. Payments under grants and contracts under this section may be made in advance or by way of reimbursement and at such intervals and on such conditions as the Secretary finds necessary. Grantees and contractees under this section shall make such reports at such intervals and containing such information, as the Secretary may require.

[(d) Contracts may be entered into under this section without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5).

[(e) No regulation, guideline, funding priority, or application form shall be established with respect to this section without the full participation in the development of such regulation, guideline, priority, or form, by the administrative unit described in section 1208.

[(f) To the maximum extent practicable, the Secretary shall establish a uniform funding cycle so as to coordinate the submission and review of applications for grants and contracts under title XII and under this section and to coordinate funding policies among programs carried out under such authorities.

[(g)(1) For the purpose of making payments pursuant to grants and contracts under this section, there are authorized to be appropriated $10,000,000 for the fiscal year ending June 30, 1974, and each of the next five fiscal years.

[(2) Not less than 30 percent of the funds appropriated under paragraph (1) for any fiscal year shall be used in that fiscal year to assist in meeting the cost of training, and of establishment of programs for the training of physicians in emergency medicine.]

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PART G—PROGRAMS FOR PERSONNEL IN HEALTH ADMINISTRATION AND IN ALLIED HEALTH

Subpart I—Public Health Personnel

GRANTS FOR GRADUATE PROGRAMS IN HEALTH ADMINISTRATION

SEC. 791. (a) From funds appropriated under subsection (d), the Secretary shall make annual grants to public or nonprofit private educational entities (including schools of social work and excluding accredited schools of public health) to support the graduate educational programs of such entities in health administration, hospital administration, and health planning.

(b) The amount of the grant for any fiscal year under subsection (a) to an educational entity with an application approved under subsection (c) shall be equal to the amount appropriated under sub-

section (d) for such fiscal year divided by the number of educational entities which have applications for grants for such fiscal year approved under subsection (c).

(c)(1) * * *

(2) The Secretary may not approve an application submitted under paragraph (1) unless—

(A) such application contains assurances satisfactory to the Secretary that in the school year (as defined in regulations of the Secretary) beginning in the fiscal year for which the applicant receives a grant under subsection (a) that—

(i) at least 25 individual will complete the graduate educational programs of the entity for which such application is submitted, *except that in any case in which the number of minority students enrolled in the graduate educational programs of such entity in such school year exceeds an amount equal to 45 percent of the number of all students enrolled in such programs in such school year, such application shall only be required to contain assurances that at least 20 individuals will complete such programs in such school year*; and

(ii) such entity shall expend or obligate at least $100,000 in funds from non-Federal sources to conduct such programs; and

(B) the program for which such application was submitted has been accredited for the training of individuals for health administration, hospital administration, or health planning by a recognized body or bodies approved for such purpose by the Commissioner of Education and meets such other quality standards as the Secretary shall by regulation prescribe.

* * * * * * *

(d) There are authorized to be appropriated for payments under grants under this section $3,250,000 for the fiscal yuear ending September 30, 1978, $3,500,000 for the fiscal year ending September 30, 1979, $3,750,000 for the fiscal ending September 30, 1980, $1,500,000 for the fiscal year ending September 30, 1982, $1,750,000 for the fiscal year ending September 30, 1983, [and] $2,000,000 for the fiscal year ending September 30, 1984, *$1,500,000 for the fiscal year ending September 30, 1986, $1,575,000 for the fiscal year ending September 30, 1987, and $1,650,000 for the fiscal year ending September 30, 1988.*

TRAINEESHIPS FOR STUDENTS IN OTHER GRADUATE PROGRAMS

SEC. 791A. (a) * * *

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(c) For payments under grants under subsection (a) there are authorized to be appropriated $2,500,000 for the fiscal year ending September 30, 1978; $2,500,000 for the fiscal year ending September 30, 1979; $2,500,000 for the fiscal year ending September 30, 1980; [and] $500,000 for the fiscal year ending September 30, 1982, and the next two fiscal years; *$500,000 for the fiscal year ending September 30, 1986; $525,000 for the fiscal year ending September 30, 1987; and $551,000 for the fiscal year ending September 30, 1988.*

PUBLIC HEALTH TRAINEESHIPS

SEC. 792. (A) * * *

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(c) For payments under grants under subsection (a), there are authorized to be appropriated $7,500,000 for the fiscal year ending September 30, 1978; $9,000,000 for the fiscal year ending September 30, 1979; $10,000,000 for the fiscal year ending September 30, 1980; $3,000,000 for the fiscal year ending September 30, 1982; $3,500,000 for the fiscal year ending September 30, 1983; [and] $4,000,000 for the fiscal year ending September 30, 1984; *$3,000,000 for the fiscal year ending September 30, 1986; and $3,150,000 for the fiscal year ending September 30, 1987; and $3,300,000 for the fiscal year ending September 30, 1988.*

TRAINING IN PREVENTIVE MEDICINE

SEC. 793. (a) * * *

* * * * * * *

(c) For the purpose of grants under subsection (a), there are authorized to be appropriated $1,000,000 for the fiscal year ending September 30, 1982, and $1,500,000 for the fiscal year ending September 30, 1983, [and] $2,000,000 for the fiscal year ending September 30, 1984, *$1,600,000 for the fiscal year ending September 30, 1986, and $1,680,000 for the fiscal year ending September 30, 19878, and $1,760,000 for the fiscal year ending September 30, 1988.*

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ADDITIONAL VIEWS OF CONGRESSMEN WALGREN, BRYANT, LELAND, MIKULSKI, SYNAR, SCHEUER, AND WIRTH

H.R. 2410, the Health Professions Educational Assistance Amendments of 1985, includes provisions of particular interest to me that take a small step toward addressing a large problem: The bill authorizes $2 million in 1986 and $3 million in 1987 and 1988 to improve the training of physicians in geriatrics. Funds would be targeted for training faculty, developing courses, and providing retraining.

In the year 2000, there will be 10 million more Americans over age 65 than today. The number of persons over age 85 will more than double. There will be 1 million more elderly people with disabilities. The elderly will make about 230 million visits to physicians, up from 165 million in 1980, a jump of 40 percent. Short-term hospital care will increase by 50 percent. Residents of nursing homes will increase by over a million, a 25 percent increase.

Today, although 11 percent of the population is elderly and the elderly consume 30 percent of all health care expenditures, only about 3 percent of health training money is spent on training to treat the elderly.

In recent years, medical schools have increased their attention to geriatrics, but most activities are still very modest. Several reports have underlined the absence of trained faculty in geriatrics. In a 1984 report, the National Institute on Aging found that on average, at each medical school, the full-time faculty in geriatrics was 2.5 persons. Faculty members with special preparation in aging range from 5 to 25 percent of the number required.

In terms of curriculum, NIA reports that the majority of courses offered in geriatrics are electives and have very few enrolees. In hearings before our subcommittee, we heard that very few medical schools have rotations in geriatrics and that most training is in acute care—emergency cases in hospitals—not long-term health problems of aging.

A Rand study has reported that we will need between 7,000 and 10,000 geriatricians by 1990. Commenting on this study, NIA observed, "A substantial increase in the education and training of physicians in geriatrics will be necessary to approach even the lowest of these estimates." Sadly, NIA cited a 1982 AMA survey of physicians in which fewer than 700 reported having a "primary interest" in geriatrics. "The number has increased only slightly in recent years," according to NIA.

In addition to raw numbers there is a sociological phenomenon that will only make this growing gap worse. As families continue to disperse and more women enter the workforce, more older people will be living alone with greater needs for nursing and other support. In times past, when generations lives in the same commu-

nities and families were larger, many elderly could count on being cared for by family members. That has become more and more unlikely.

The elderly face problems of attitude as well. Our subcommittee hearings reveal that many doctors do not like to deal with declining or dying patients. The elderly take more time and require more patience, particularly if they are disabled. Doctors may avoid treating the elderly because many of the ailments by their nature do not improve. Many conditions are fatal; reversals of disability or disease are rare. This is contrary to the physician's goal, to heal. It may be that medical students—reflecting a larger societal bias against the elderly—unconsicously avoid training in treating the elderly.

Dr. John Roe, of the Beth Israel Hospital in Boston, has written, "Just as children are not merely young versions of adults, the elderly are not simply old adults. They require special approaches and an understanding of the physiological, psychosociological, and pathologic impacts of aging." Medical education must face up to the "graying of America." I hope these provisions will be an initial step in the right direction, and providing some leadership for all health professions schools to follow. The medical needs of the elderly will clearly put our national and our caring ethic to a fundamental test we cannot fail.

DOUG WALGREN.
TIM WIRTH.
BARBARA A. MIKULSKI.
MIKE SYNAR.
JAMES H. SCHEUER.
JOHN BRYANT.
MICKEY LELAND.

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